County of Santa Clara
California

Personnel Department
607 County Administration Building
70 West Hedding Street
San Jose, California 95110
299-2341 Area Code 408

May 15, 1973

Advisory Coordinating Council
On Public Personnel Management
455 Capitol Mall, Suite 385
Sacramento, California 95814

Attention: Randy Hamilton, Chairman

Gentlemen:

Enclosed are two copies of the preliminary Project Guidelines regarding State IPA Plan No. 5, "Evaluation of Local Agency Compensation Practices."

In accordance with our first-year Grant application, copies have been sent to the following agencies for comment:

United States Civil Service Commission
League of California Cities
County Supervisors Association of California
County Personnel Administrators Association of California
All participating Project Agencies.

We will be available to discuss the Guidelines with the Council at its convenience.

Sincerely,

John C. Obenhuber

JOHN C. OBENHUBER
Project Director

JCO:sdb
Enclosures - 2

PROJECT GUIDELINES: "EVALUATION OF LOCAL AGENCY COMPENSATION PRACTICES"

Final Draft

May 15, 1973

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PROJECT GUIDELINES

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ACKNOWLEDGEMENTS

The study leading to this report was made possible by a grant under the Intergovernmental Personnel Act of 1970 from the United States Civil Service Commission through the Advisory Coordinating Council on Public Personnel Management.

The cooperation and assistance provided by the staffs of the Civil Service Commission and the Coordinating Council are greatly appreciated.

Particular thanks to the management staffs of the sixteen agencies which are participating in the Project. Their cooperation in furnishing data; in discussing their compensation policies and practices; and in reviewing the draft of this report was invaluable.

INTRODUCTION

PROJECT SCOPE:

In March 1972, the first year of a proposed two-year study of local agency compensation practices was begun.

The need for a study of this nature had been underscored by the problems associated with bilateral determination of salaries and benefits that came about through the passage of the Meyers-Milias-Brown Act in 1968. The framework for such a project had already existed in the form of the Managers' Advisory Group, an organization consisting of personnel administrators from all cities within Santa Clara County and from the County itself. In October 1971, the Group endorsed the proposed study and became the nucleus of participating Project agencies.

The principal aims of the first phase of the Project were to:

1. Identify and evaluate the compensation policies and practices of the sixteen local public jurisdictions participating in the Project.

2. Assess the effects of such policies on compensation whipsawing over the study period.

3. Develop a transferable set of guidelines to assist public agencies in identifying their compensation needs and policies.

4. Commence the development of alternative approaches to compensation determination and of additional sources of compensation information.

PROJECT METHODOLOGY:

Salary, fringe benefit and related data covering non-management employees were collected for a six-year period from fiscal year 1967. A minimum of two interviews per agency were held to follow up on material submitted and to obtain additional information.

The study period was so structured in order to permit evaluation of policies prevailing before, during and after the inception of "meet and confer".

The analysis of policies pertaining to non-management employees was emphasized as management personnel have customarily not been in formally established units with formally recognized representation.

"Related" data encompassed:

1. The history of employee representation including the scopes of representation units; labor relations ordinances and regulations; and memoranda of understanding.

2. Classification and salary plans together with formal and informal policies governing the means of compensation determination and levels of compensation.

REPORT FORMAT:

The report will be presented in these segments:

Section I - Summary of Guidelines

Section II - Study Areas: Second Project Year

Section III - Data: Tables I - V

Section IV - Project Guidelines

SECTION I: SUMMARY OF GUIDELINES

The Project Guidelines stress particular attention to policies and practices within the framework of these two broad and crucial areas:

1. Survey Scope

The confining of data comparisons to neighboring public agencies is not representative of the jurisdiction's actual labor market and creates ideal circumstances under which compensation whipsawing can occur. Escalation of salary and benefit levels beyond prevailing rates is a frequent corollary of this vacuumized type of survey design.

2. Application of Data to Compensation Determinations

The use of formulas to set pay and benefits divests the agency of any control over its compensation structure. This approach often perpetuates "interlocking" survey relationships among local public agencies and guarantees whipsawing.

Interagency total compensation comparisons when based exclusively on quantitative factors subordinate or disregard other factors highly appropriate and significant to negotiations. They also tend to benefit more the higher paying agencies due to the number of benefits related to salary; and frequently include benefits as costable for comparison purposes which are not.

SECTION II: STUDY AREAS: SECOND PROJECT YEAR

The following areas are to receive particular emphasis in the second Project year:

A. Development and refinement of sources of private industry compensation data, particularly fringe benefit information.

B. The degree to which multi-year settlements have had an effect on agreements of other agencies negotiated during their terms.

C. The specific labor markets of the participating agencies by means of samples of job applicant sources for selected occupational groups.

D. The relationship between lay-offs and discharges between the private sector and the public sector in connection with establishing the value of job security as a benefit of employment.

E. A qualitative analysis of fringe benefit plans especially health and welfare.

F. Potential for and advantages of super-composite group insurance rates and regional insurance plans.

G. "In lieu of" holiday pay.

H. Sick leave pay-out in terms of cost and leave usage.

I. Pyramiding of premium and career incentive payments.

J. Agency grievance procedures.

K. Agency classification plans.

TABLE I

PARTICIPATING AGENCIES

	Agency	Full-Time Employees	Population Served	Employee Organizations	Occupational Groups Represented 1)
	CITY OF CAMPBELL	120	24,770	International Association of Firefighters	Fire
				Employees' Association	Police; Cler.; Tech.; Prof.
				Operating Engineers	Maintenance
2)	CENTRAL FIRE PROTECTION DISTRICT	199	200,000	International Association of Firefighters	Fire; Cler.; Mtnce.; Mgmt.
2) 3)	CITY OF CUPERTINO	71	18,216	Employees' Association	Mtnce; cler.; Prof.; Tech.
2) 3)	FLOOD CONTROL & WATER DISTRICT	241	1,066,932	Employees' Association	Cler.; Prof.; Tech.; Mtnce.; Admin.; Mgmt.
				Engineers' Society	Prof. Engineers
	CITY OF GILROY	86	12,665	Fire Department Association	Fire
				Police Benefit Association	Police
				Employees' Association	Cler.; Prof.; Tech.; Mtnce.
	CITY OF LOS ALTOS	113	25,050	International Association of Firefighters	Fire
				Police Officers Association	Police
2) 3)	TOWN OF LOS ALTOS HILLS	8	6,865	N/A	N/A
3)	TOWN OF LOS GATOS	91	23,735	Operating Engineers	Maintenance
				Employees' Association	Police; cler.; Prof.; Tech.; Admin..; Mgmt.

1) Excludes units which have been established but are not represented by a recognized employee organization.
2) No Police Function
3) No Fire Function

Agency	Full-Time Employees	Population Served	Employee Organizations	Occupational Groups Represented
CITY OF MILPITAS	161	27,149	International Association of Firefighters	Fire
			Police Officers' Association	Police plus Dispatchers
			Employees' Association	Cler.; Prof.; Tech.; Mtnce.
CITY OF MT. VIEW	370	58,400	International Association of Firefighters	Fire plus Dispatchers
			Fire Management Association	Fire Mgmt.
			Municipal Operations Center Employees' Association	Maintenance
			Western Council of Engineers	Prof. (Engineers - Mgmt. Unit)
			Police Association	Police
CITY OF PALO ALTO	759	55,835	International Association of Firefighters	Fire
			Peace Officers' Association	Police
			Service Employees International Union	Cler.; Prof.; Tech.; Mtnce.
CITY OF SAN JOSE	2,440	446,537	Peace Officers' Association	Police
			International Association of Firefighters	Fire
			Assn. of Building, Plumbing & Electrical Inspectors	Inspectors
			Assn. of Engineers & Attorneys	Prof. (Attorneys & Engineers)
			American Federation of State, County & Municipal Employees	Cler.; Tech.; Custodial; Admin.
			Operating Engineers	Mtnce.; Parking Control Checker
			International Brotherhood of Electrical Workers	Electrical Maintenance
CITY OF SANTA CLARA 4)	677	87,717	International Association of Firefighters	Fire
			Police Association	Police
			Employees' Association	Tech.; Cler.; Admin.
			International Brotherhood of Electrical Workers	Electrical Maintenance

4) Undergoing unit determination.

Agency	Full-Time Employees	Population Served	Employee Organizations	Occupational Groups Represent
CITY OF SANTA CLARA (Cont'd)			5) American Federation of State, County, & Municipal Employees	Maintenance
			5) Operating Engineers Western Council of Engineers	Prof. (Engineers)
3) COUNTY OF SANTA CLARA	8,488	1,066,932	Association of Government Attorneys	Prof. (Attorneys - County Counsel)
			California Assn. of Medical Laboratory Technologists	Clinical Laboratory Technicians & Public Health Microbiologists
			House Staff Association	Interns, Residents & Staff Physicians
			National Assn. of Social Workers (Inactive)	Social Workers (Middle Mgmt.)
			Service Employees International Union	Cler.; Tech.; Prof.; Mtnce.; Admin.; Hospital; Public Service Workers; Social Workers
			Santa Clara County Engineers & Architects Assn.	Prof. (Engineers & Architects)
			Deputy Sheriffs' Assn.	Police inc. Capt.
			Santa Clara County Environmental Health Assn.	Registered Sanitarians
			American Federation of State, County, & Municipal Employees	Probation Officers
			Building Trades Council	Trades plus Bldg. Inspectors
CITY OF SARATOGA 2) 3)	43	27,110	Employees Association	Cler.; Mtnce.; Tech.; Prof.; Admin.
CITY OF SUNNYVALE	450	95,408	Communication Officers Assn.	Dispatchers
			Public Safety Officers Assn.	Public Safety (Police & Fire functions combined)
			American Federation of State, County, & Municipal Employees	Maintenance
			Employees Association	Cler.; Tech.; Prof.; Admin.

5) Joint Council

TABLE II

PARTICIPATING AGENCIES: SURVEY SCOPES

Introduction:

This table is structured to reflect the weight given in each participating agency's survey design to:

1. Local public data (Participating agencies only).
2. Other public data (Federal; State; and local outside of the County).
3. Private data.

Column a) depicts which individual participating agencies compare with another. An "X" under Agency G in the vertical column and opposite Agency A in the horizontal row means A uses G for survey purposes. The totals under the vertical columns represent the number of participating agencies comparing with a particular agency; totals on the horizontal plane represent the number of participating agencies in the survey design of a particular agency.

Column b) reflects the weight each participating agency's sample of other participating agencies bears to that agency's total survey scope. For example, Agency J surveys three participating agencies and twelve private and other public agencies, which yields a weight of 20% for its local sample. In computing these weights, each individual public and private concern surveyed was counted as one. Area-wide surveys such as BASSC were likewise given a weight of one. If such data were actually used in negotiations, this would be a vast understatement of the weight this type of sample has. This, however, is not the case, so the weight of one is considered appropriate here.

Column c) shows the frequency of use by participating agencies of private industry and / or other public sector survey data. An "X" opposite the letter used to designate each agency in column a) indicates use; a blank indicates the source is not used by the particular agency.

PROJECT GUIDELINES

TABLE II

PARTICIPATING AGENCIES: SURVEY SCOPES

	a) AGENCY																	b) % LOCAL AGENCY	c) PARTICIPATING AGENCIES USING:	
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	TOTAL	SAMPLE TO TOTAL	PRIVATE DATA	OTHER PUBLIC DATA
A		X			X		X	X	X		X	X	X			X	9	90%	X	
B													X				1	100%		
C	X				X			X	X				X		X		6	100%		
D									X	X	X	X	X		X		6	66 2/3%	X	X
E	X	X					X	X	X	X	X	X	X	X	X		11	85%	X	X
F							NO	SURVEY		USED								N/A	N/A	N/A
G	X		X		X			X	X	X	X	X	X	X	X	X	12	100%		
H	X				X		X		X	X	X	X	X		X		9	69 1/4%	X	X
I	X	X			X			X		X	X	X	X		X		9	66 2/3%	X	X
J											X	X			X		3	20%	X	X
K										X		X	X		X		4	17%		X
L									X	X	X		X		X		5	62 1/2%	X	X
M									X	X	X	X					4	n.a.	X	X
N	X		X		X		X	X	X	X	X	X	X		X		11	100%		
O									X	X	X	X					4	n.a.	X	X
P	X		X		X		X	X									5	50%		X
TOTALS	7	3	3	0	7	0	5	7	10	10	11	11	11	2	10	2	99		60%	66 2/3%

n.a. = Exact size of private industry sample not available.

TABLE III

FRINGE BENEFIT COSTS

Introduction:

This table was composed to show where significant increases in benefit costs have been incurred by the participating agencies in the past six years.

Dollar amounts represent actual costs for the full year weighted to account for benefit changes during that year.

The "Total Direct Benefits" column includes only those benefits for which costs are shown in the table.

The selection of the three sample classes for these calculations was predicated upon their commonly being in the three primary representation units found among the participating agencies. Other non-public safety classes were not included as their representation units and/or their benefits are generally the same as those of the clerical class used here.

TABLE III

FRINGE BENEFIT COSTS[1)]

(Participating Agencies Only)

Class & Year	Base Salary	Total Direct Benefits	Med. & Dental	Life Ins.	Income Protection	Retirement	"In Lieu of" Holiday Pay	Uniform Allowance
POLICE OFFICER								
1967-68	$706	$114 (16.2)	$11 (1.6)	$2 (.3)	- 2)	$75 (10.6)	$16 (2.3)	$9 (1.3)
1972-73	$987	$228 (23.1)	$37 (3.8)	$4 (.4)	- 2)	$134 (13.6)	$42 (4.3)	$12 (1.2)
% Increases:	40%	100%	236%	100%		79%	163%	33%
INTERMEDIATE TYPIST CLERK								
1967-68	$454	$60 (13.2)	$13 (2.9)	$2 (.4)	$.21 (.05)	$46 (10.1)		
1972-73	$602	$114 (19.0)	$34 (5.7)	$3 (.5)	$1 (.2)	$76 (12.6)	N/A	N/A
% Increases:	33%	90%	162%	50%	376%	65%		
FIREFIGHTER								
1967-68	$695	$112 (16.1)	$11 (1.6)	$2 (.3)	-2)	$75 (10.8)	$14 (2.0)	$9 (1.3)
1972-73	$953	$228 (23.9)	$48 (5.0)	$3 (.3)	-2)	$118 (12.4)	$44 (4.6)	$10 (1.0)
% Increases:	37%	104%	336%	50%		57%	214%	11%

---

1). In dollars and as (%) of base salary (mid-point of range.)

2). Not costed for Police and Fire due to NO agencies providing this benefit in 1967-68 and only 2 giving it in 1972-73. Agency contributions inconsequential when spread over total number of agencies with Police/Fire functions.

TABLE IV

SALARY MOVEMENTS AND PATTERNS: 1967 - 1972

INTRODUCTION:

The charts to follow represent six-year salary movements among the participating agencies for seven classifications. These classes are:

Intermediate Typist Clerk	Building Inspector
Junior Civil Engineer	Police Officer
Janitor	Fire Fighter
Street Sweeper Operator	

Their selection was governed by these criteria:

1) The number of participating agencies having the class.

2) Utilization of the class for survey and salary-setting purposes.

3) The number of incumbents in the class.

4) The degree to which the class was adaptable to reasonably accurate job "matches", particularly for use with available private and other public sector data.

5) Representativeness of the classes to the general occupational groups of: clerical; professional; maintenance; technical; and public safety.

The principal source for the job descriptions and interagency "matches" used here was the annual salary survey done by the Managers' Advisory Group. It is recognized that the individual participating agency may "match" a given class differently. However, the M.A.G. survey is considered the most generally applicable to the group at large and considerable care is taken in its preparation to insure comparable job content.

The intent of this table is to depict salary movements and analyze trends among the participating agencies and to draw general comparisons on how such trends relate to those of competitors in the private and public sectors.

The sources of comparative public and private data were chiefly area wage surveys prepared by the Bureau of Labor Statistics and the Bay Area Salary Survey Committee. (The specific sources will be cited on the respective class chart). The source of such data for the respective class was the same for all years studied. (One substitution was forced due to lack of data and is noted on the applicable chart; and "other public agency" data for 1972-73 were gathered for four classes from individual salary plans).

Accompanying each chart will be:

1) A job description where appropriate.

2) The size and scope of the sample.

3) The sources of data used.

4) An array of participating agency rates.

5) An analysis of patterns.

"Year" on the salary charts refers to fiscal year and the rates cited were those prevailing in or closest to July of each year. Rate changes during the fiscal year were not included unless made retroactive to July or August.

In arriving at average rates for a data group such as "all participating agencies", mid-points of individual agency salary ranges were used. Here, an assumed distribution of employees among steps in the range was chosen in preference to an assumption that most or all encumbents in all sampled classes were clustered at the top step. The numbers of positions applied in determining weighted averages were those prevailing as of the particular year except for the participating agencies. For them current staffing levels were applied, as position allocation information was not initially collected for all agencies for all six years. Whatever distortion this may have created is offset by the use of unweighted averages for this group; further, such distortion would only result in salary escalation among such agencies being shown as less than actual as, generally, staffing has increased over the study period.

Unweighted averages were applied to all classes in the participating agency group only because one of two agencies usually tended to dominate the weighted sample through overwhelming numbers of positions. This would have smothered the rates of the smaller agencies and defeated the purpose of reflecting salary relationships among these agencies. Other data sources, however, were sufficiently balanced in rate frequencies to allow weighting.

Charts, arrays and analyses for each class are presented in the following pages. Salary interrelationships are graphically shown to emphasize "high", "low" and cluster patterns. They are not intended to delineate accurately salary differences of less than five dollars. Salary arrays include two sources of comparable public agency data. The first is drawn from BASSC public data for local member jurisdictions, including Federal and State and is shown in both charts and arrays. The second is based on thirteen Bay Area cities and counties with which at least one participating agency compares. These agencies will be designated as "Public Agencies - Survey" and data for them will appear in the arrays only. Their data are from the League of California Cities Annual Salary Surveys. Some jurisdictions' rates will be reflected in both samples.

In reviewing either weighted or unweighted averages for the "Survey" group, one agency typically pays the highest or one of the highest rates in the entire sample and has the the most positions. This is especially pronounced in the public sector classes of Police Officer, Firefighter, Building Inspector and Sweeper Operator even when unweighted averages are applied. Therefore, participating agencies are cautioned to take this into account if comparison of individual Project Agency rates with the "Survey" group's averages are to be made.

TABLE IV A.

CLASS: INTERMEDIATE TYPIST CLERK

DESCRIPTION: Under general instructions but with established procedures and precedents as guides, performs difficult typing duties (e.g., types from complicated rough drafts to final draft form without detailed review; corrects incidental clerical errors - punctuation and spelling; performs clerical work of average difficulty involving the use of some initiative and independent judgment such as compiling and checking reports, receiving the public, adjusting minor complaints, checking and verifying bills, and assisting in compiling and tabulating statistical data.

Exclusions: (1) specialists such as file clerks, accounting clerks and rate clerks; (2) those supervising other clerks; (3) billing machine operators; (4) transcription typists.

Note: This is the experienced worker level. Positions at this level usually require a typing speed of some 45 words per minute from ordinary copy.

SCOPE OF SAMPLE:

Participating Agencies: 13 classes; 901 positions.
"Big 6" Agencies: 879 positions.
Private Industries: 1758 - 2728 positions.
Other Bay Area Public Agencies: 4881 - 6323 positions including State and Federal; 3392 - 3760 positions without State and Federal.

DATA SOURCES:

Private: Bay Area Salary Survey Committee, S.C. County (Fall).
Other Public: BASSC Public Agencies, Bay Area (Fall).

A. INTERMEDIATE TYPIST CLERK

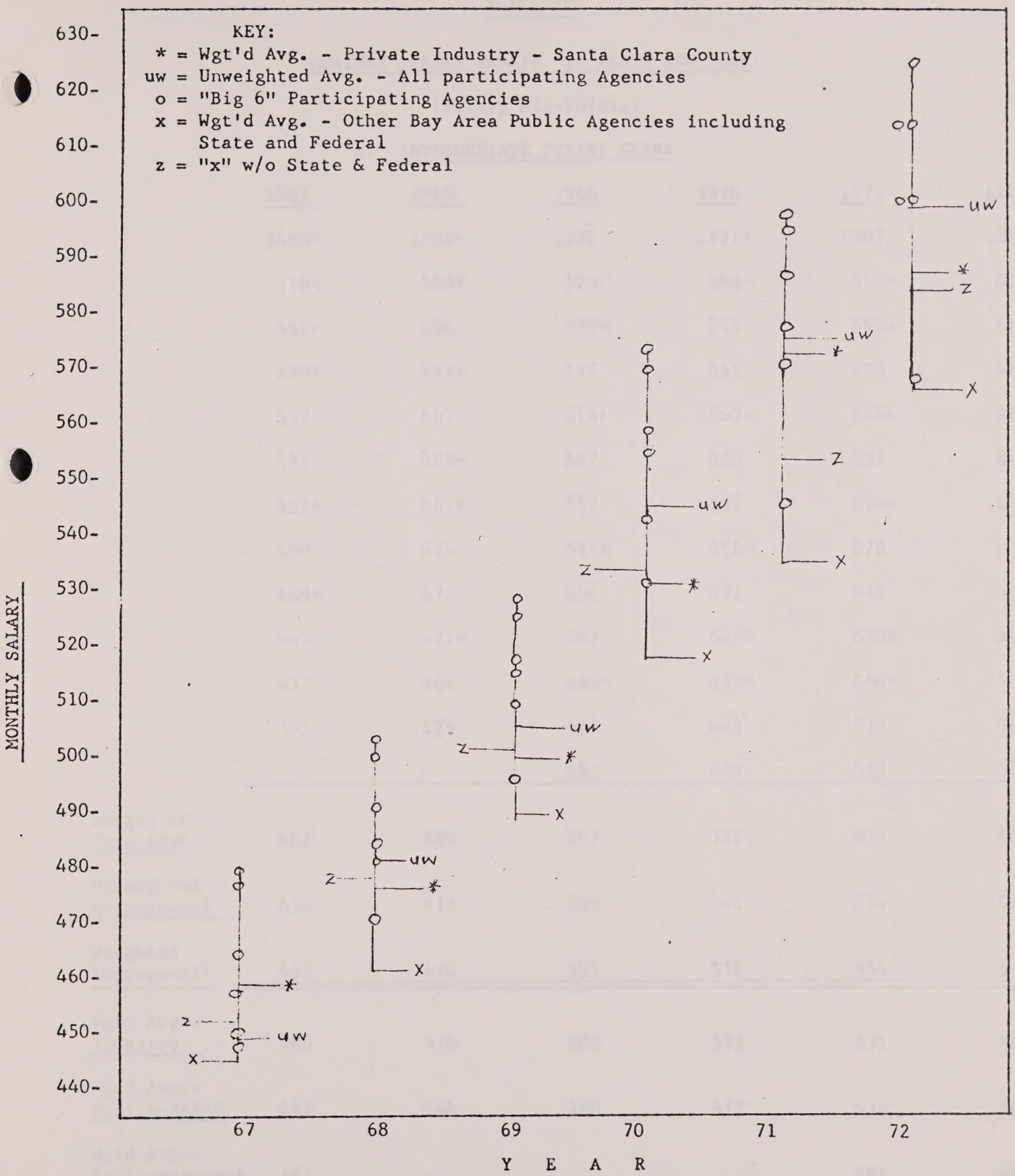

TABLE IV

TABLE IV

MONTHLY SALARY ARRAY: BY CLASS AND YEAR

(Salary Mid-Points)

A. INTERMEDIATE TYPIST CLERK

	1967	1968	1969	1970	1971	1972
	$480*	$504*	$532	$571*	$607	$626
	478*	500*	529*	569*	597*	624*
	465*	496	525*	565	595*	617
	458*	491*	525	561	590	617
	452	487	519*	560*	588*	614*
	451	485*	517	560	587	614*
	451*	481*	512	558	578*	608
	450	476	511*	556*	578	602*
	449*	472	509	551	573	602*
	449	471*	507	543*	570*	597
	417	461	496*	532*	546*	580
	395	425	458	485	537	568*
			451	485	513	538
Unwgtd Avg - "Big Six"	463	489	507	555	579	604
Unweighted Average-All	450	479	507	545	574	601
Weighted Average-All	452	476	501	538	554	578
Wgtd Avg - Industry	460	478	502	532	572	586
Wgtd Avg.- Public-BASSC	447	464	490	517	538	567
Wgtd Avg - Publ.-Survey**	462	---	---	---	582	606

* = "Big Six" Agency
** = Not Charted

TABLE IV A.

INTERMEDIATE TYPIST CLERK

Analysis:

Summarized, the chart and array reveal the following trends:

	1967-68	1971-72	1972-73
Public Agencies - Survey	$462	$582	$606
"Big Six"	463	579	604
Private Industry	460	572	586
Participating Agencies - All	450	574	601
Public Agencies - BASSC	447	538	567

No. participating agencies of total paying more than averages prevailing in:	1967	1971	1972
a) Industry	3 of 12	9 of 13	10 of 13
b) Public - BASSC	10	11	12
c) Public - Survey	3	6	7

* * *

Other patterns evidenced are:

1. The compression of participating agency rates.

In 1967 the top five rates were separated by $28 or 6.2%; in 1971, the spread was $19 or 3.2%; and presently is $12 or 2.0%.

The differential between the second highest and second lowest salaries in 1967 was $61 or 14.6%; in 1971, the range was $60 or 11.2%; and now is $56 or 9.9%.

Prevailing rates include three which are paid by two agencies each.

2. The narrowing of the average rate paid by the "Big Six" and that of the entire group.

In 1967, the six largest jurisdictions paid $13 per month more than the group average; now the spread is only $3.

In 1967, the four highest rates were paid by "Big Six" agencies; in 1972, only two such agencies were in this group.

Summary:

The clustering of the majority of participating agencies at salary levels higher than prevailing rates is indicative of the escalation interlocking survey comparisons work on salaries. This pattern also reflects the invalidity of this form of comparison as a measurement of "the community rate".

It is significant that the "Big Six" agencies rarely compare with smaller ones in the group, yet the smaller do compare with the larger -- and only infrequently with any data source outside of the Project Group. The fact the group average has gradually risen to almost equal that of the largest jurisdictions illustrates the close knit interagency relationships in salary-setting.

It is also noteworthy that the one agency that compares with private industry rates exclusively for this class is not involved in the aforementioned spiral of clerical salaries.

TABLE IV B.

CLASS: JUNIOR CIVIL ENGINEER

DESCRIPTION: This is the entry level for college graduate engineers. Perform routine engineering duties in the various field of engineering which require professional training but little or no experience; may be assigned under close supervision to the more simple engineering design work, preparing plans, cost estimates, specifications and bills of material; may perform routine field inspection and testing to check performance or conformance with plans and specifications; may make relatively simple engineering studies.

SCOPE OF SAMPLE:

Participating Agencies: 14 classes; 40 positions.
Private Industries: 518 - 936 positions.
Other Bay Area Public Agencies: 205 - 241 positions including State and Federal; 118 - 153 positions without State and Federal.

DATA SOURCES:

Private: BASSC, Bay Area (Fall)
Other Public: BASSC, Bay Area (Fall)

B. JUNIOR CIVIL ENGINEER

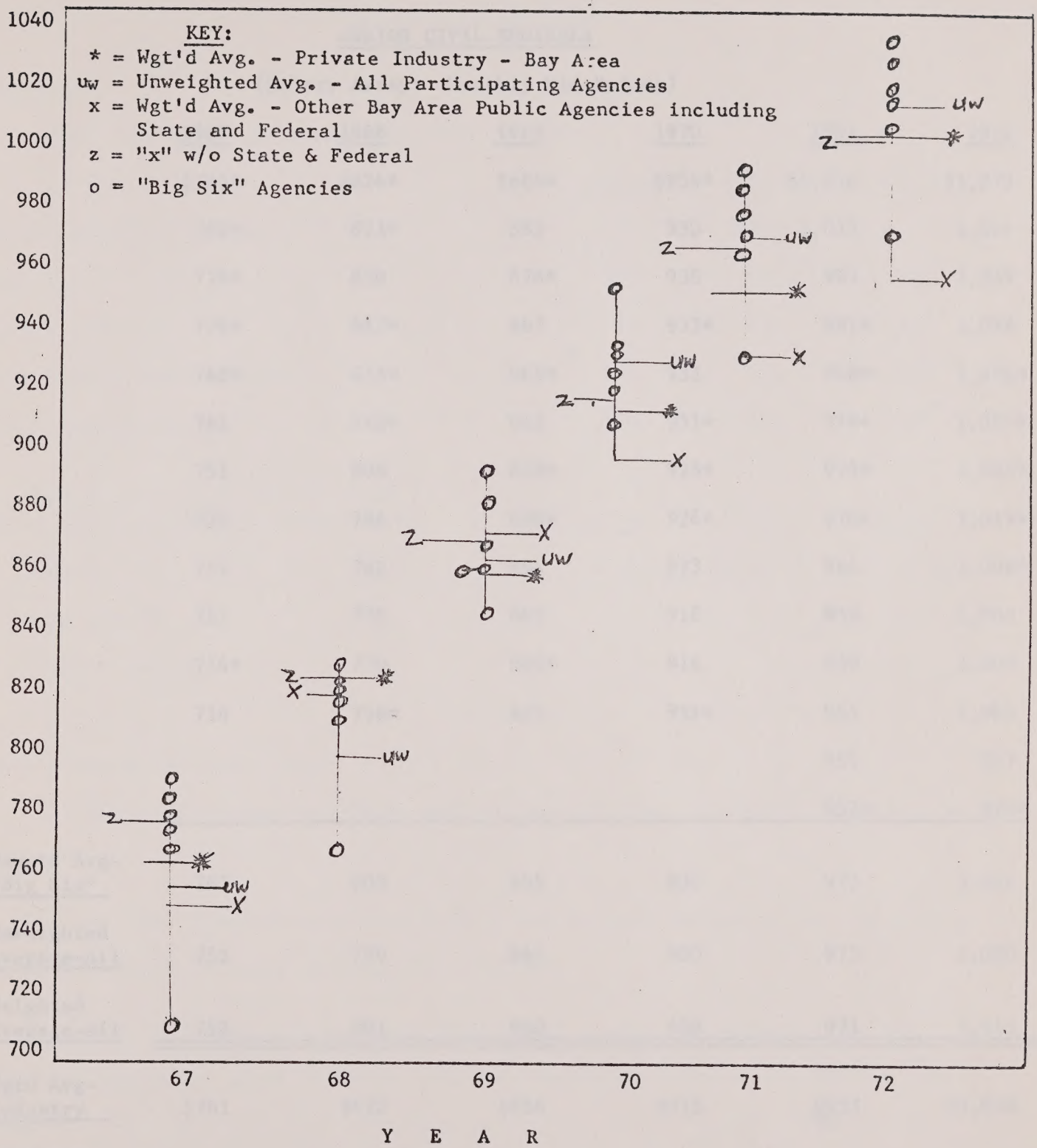

TABLE IV

TABLE IV B.

JUNIOR CIVIL ENGINEER

(Salary Array: Monthly Mid-Points)

	1967	1968	1969	1970	1971	1972
	$785*	$824*	$884*	$954*	$1,018	$1,070
	782*	821*	883	950	1,012	1,044
	778*	820	878*	936	993	1,039
	776*	817*	867	933*	991*	1,038
	768*	815*	865*	933	988*	1,036*
	761	812*	862	931*	978*	1,031*
	751	806	858*	928*	974*	1,022*
	735	786	858*	924*	970*	1,019*
	731	782	854	923	964	1,008*
	731	772	849	918	959	1,003
	714*	770	846*	914	959	1,003
	714	768*	829	913*	955	1,000
					951	997
					933*	970*
Unwgtd Avg-"Big Six"	767	809	865	930	972	1,014
Unweighted Average-All	752	799	861	930	975	1,020
Weighted Average-All	753	801	860	930	971	1,015
Wgtd Avg-Industry	$761	$822	$856	$915	$953	$1,006
Wgtd-Avg-Public-BASSC	746	818	869	898	931	958
Wgtd Avg-Pub.Survey**	787	---	---	---	973	n.a.

* = "Big Six" Agency
** = Not Charted

TABLE IV B.

JUNIOR CIVIL ENGINEER

Analysis:

Summarized, the chart and array show these trends:

	1967-68	1971-72	1972-73
Public Agencies - Survey	$787	$973	n.a.
"Big Six"	767	972	1,014
Private Industry	761	953	1,006
Participating Agencies-All	752	975	1,020
Public Agencies-BASSC	746	931	958

No. Participating Agencies of Total paying more than average prevailing in:	1967	1971	1972
a) Industry	5 of 12	12 of 14	9 of 14
b) Public-BASSC	7	14	14
c) Public - Survey	0	7	n.a.

* * *

Other patterns indicated are:

1. The group average $15 below that of the "Big Six" in 1967 is currently $6 above it.

In 1967, the five highest rates were paid by the largest jurisdictions; now only one of this group is among the top five salaries.

2. Rate compression is more pronounced that it was six years ago for the participating agency group at large, but has lessened somewhat among the top five rates.

In 1967, $51 or 7% separated to second highest from the second lowest salary. By 1971, the spread was $61 or 6.4% and dropped to $47 or 4.7% in 1972.

The five highest salaries were apart by $17 or 2.2% in 1967; $3 or 3.0% in 1971; and $34 or 3.3% in 1972. Much of this trend is attributable to one smaller agency paying $26 more than the second-place rate. Until 1972, no more than $6 separated the top two salaries since 1967.

Summary:

Again, the majority of participating agency rates outstrip comparable private and public salaries. Also, a significant number of smaller agencies are paying more than their larger neighbors, with which they compare but which rarely compare with them. On the low-end of the scale, the agency which compares exclusively with industry pays the least and is thus far removed from the cluster effect triggered by interlocking survey comparisons. In fact, its rates have been lower than the industry average the past six years.

Although it is a very significant factor, industry comparisons should not be construed as the "cause" and lower agency rates the "effect". Three other agencies pay just below the private level, but do not even "eyeball" private data.

Coincidence, maybe. However, none of the three have historical and formalized survey ties with those agencies paying the high salaries. They are surveyed, but their prevailing rates are not considered the pattern to follow, at least for this class. Properly sampling the complete labor market is far more preferable and justifiable to confining sampling to just neighboring public employers. The experience of the foregoing three agencies demonstrates that there is no compelling need to play "follow-the-leader" even when "outside" data are lacking.

TABLE IV C.

CLASS: JANITOR

DESCRIPTION: Does routine manual work in an assigned office or building space in cleaning, sweeping, mopping, polishing, dusting and otherwise maintaining floors, walls, furniture and toilet room fixtures; operates mechanical floor cleaners and polishers; may open and close buildings; may do simple lawn and shrub maintenance on grounds adjacent to a building; may act as a watchman as incidental to janitorial work performed.

Note: Primary responsibility is general cleaning in an assigned area.

SCOPE OF SAMPLE:

Participating Agencies: 10 classes; 263 positions.
"Big 6" Agencies: 4 classes; 254 positions.
Private Industries: 1260 - 1756 positions.
Other Bay Area Public Agencies: 1636 - 1746 positions including State and Federal; 851 - 961 positions without State and Federal.

DATA SOURCES:

Private: BLS Area Wage Surveys, San Jose (Fall). Not available for 72-73; BASSC - S.C. County used.
Other Public: BASSC Public Agencies, Bay Area (Fall).

C. JANITOR

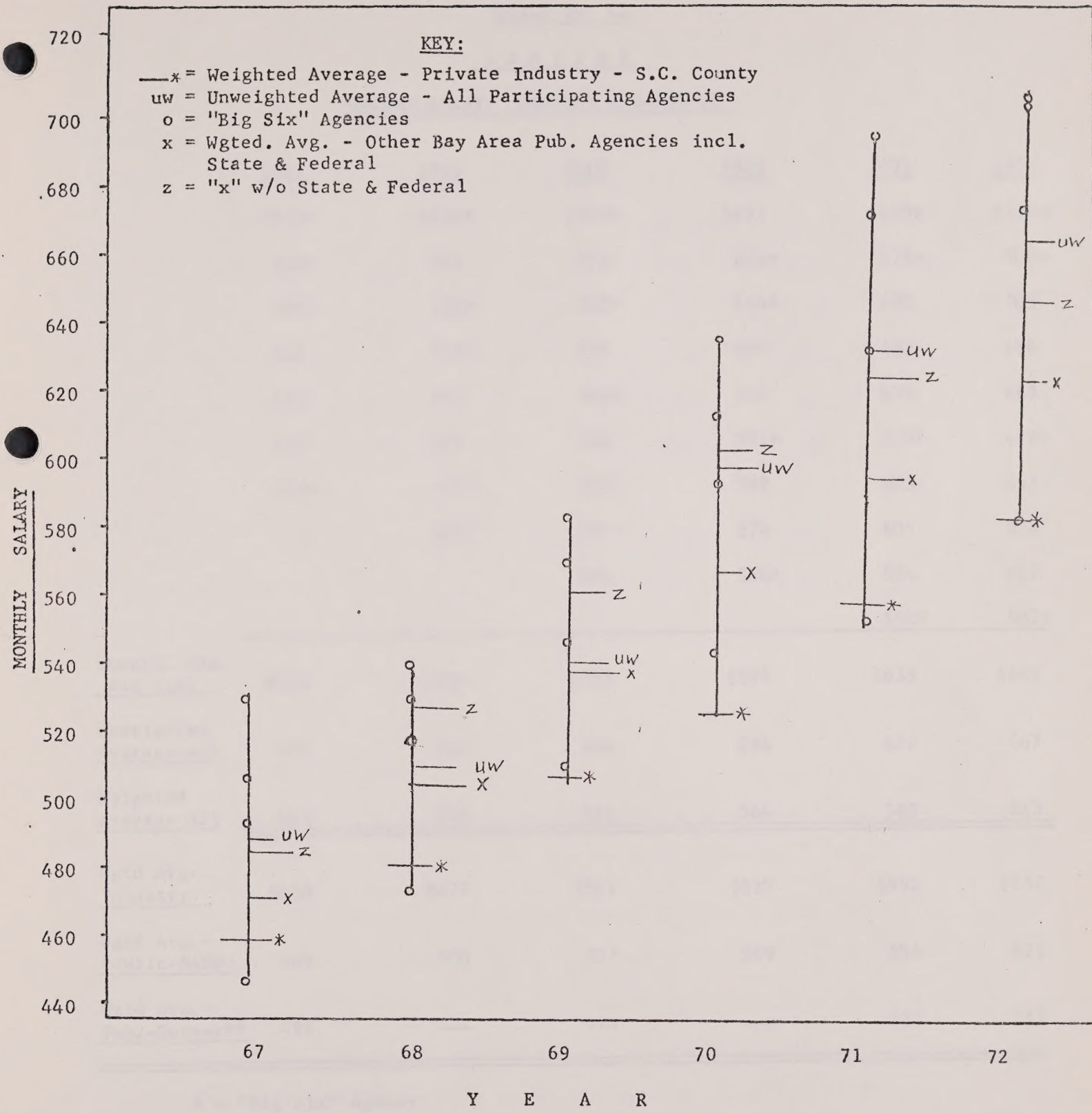

TABLE IV

TABLE IV C.

J A N I T O R

SALARY ARRAY: MONTHLY MID-POINTS

	1967	1968	1969	1970	1971	1972
	$525*	$538*	$585*	$631	$688*	$709*
	505*	533	573	629*	678*	708*
	491*	530*	565*	614*	672	705
	483	519*	556	594	663	696
	482	518	549*	593	638	683
	468	506	546	591*	632*	678*
	449*	471*	538	589	609	643
		465	506*	574	605	638
			494	546*	586	627
					558*	582*
Unwgtd. Avg. Big Six:	$492	$514	$551	$595	$639	$669
Unweighted Average-All	486	510	546	596	632	667
Weighted Average-All	467	488	522	564	585	613
Wgtd Avg-Industry	$458	$477	$501	$529	$562	$582
Wgtd Avg.-Public-BASSC	469	503	537	569	596	627
Wgtd Avg.-Pub.-Survey**	496	---	---	---	632	651

* = "Big Six" Agency
** = Not Charted

TABLE IV C.

J A N I T O R

Analysis:

Summarized, the chart and array reflect these trends:

	1967-68	1961-72	1972-73
Public Agencies - Survey	$496	$632	$651
"Big Six"	492	639	669
Private Industry	458	562	582
Participating Agencies - All	486	632	667
Public Agencies - BASSC	469	596	627

No. Participating Agencies of Total Paying more than average prevailing in:	1967	1971	1972
a) Industry	6 of 7	9 of 10	9 of 10
b) Public Agencies - BASSC	5	8	8
c) Public Agencies - Survey	2	5	6

* * *

Other patterns evidenced are:

1. The compression of salaries has declined among the participating agencies as a whole, but has increased among the five highest salaries.

In 1967, $37 or 7.9% separated the second highest from the second lowest rate; in 1971, the gap widened to $92 or 15.7%; and dropped to $81 or 12.9% in 1972. At the same time, the range among the five highest salaries was decreasing from $43 or 8.9% in 1967, to $50 or 7.8% and is presently $26 or 3.8%.

2. The close alignment of the group average with that of the six largest agencies.

During the past six years, the difference between the two averages has not exceeded 1.2% and is presently $2 or .2%.

Summary:

The escalating effects of interlocking survey design are demonstrated by the fact that the majority of Project Agencies are paying salaries considerably in excess of prevailing private and public rates.

Once again, those agencies which pay the least, but still somewhere between the industry and public averages, are those which either do not use public data at all for this class or have no history or formalized policy of surveying a select number of other neighboring public jurisdictions.

TABLE IV D.

CLASS: BUILDING INSPECTOR

DESCRIPTION: Performs skilled inspectional work to enforce building codes and regulations governing building construction, improvement, repair and use. Has both office and field assignments. Issues construction and occupancy permits and collects fees.

Exclusions: (1) trainees; (2) leadmen of other working level inspectors; (3) engineering plan checkers; (4) jobs in one-man departments.

Notes: This is the working level inspector. He may be a specialist in one phase of building inspection or make all types of inspections.

SCOPE OF SAMPLE:

Participating Agencies: 12 classes; 68 positions.
Other Bay Area Public Agencies: 7 - 10 classes; 43 - 57 positions.
"Big 6" Agencies: 6 classes; 60 positions.

DATA SOURCES:

Other Public Bay Area Agencies: League of California Cities surveys January 1968 - January 1972. 1972 - 1973 data obtained through current local surveys.

D. BUILDING INSPECTOR

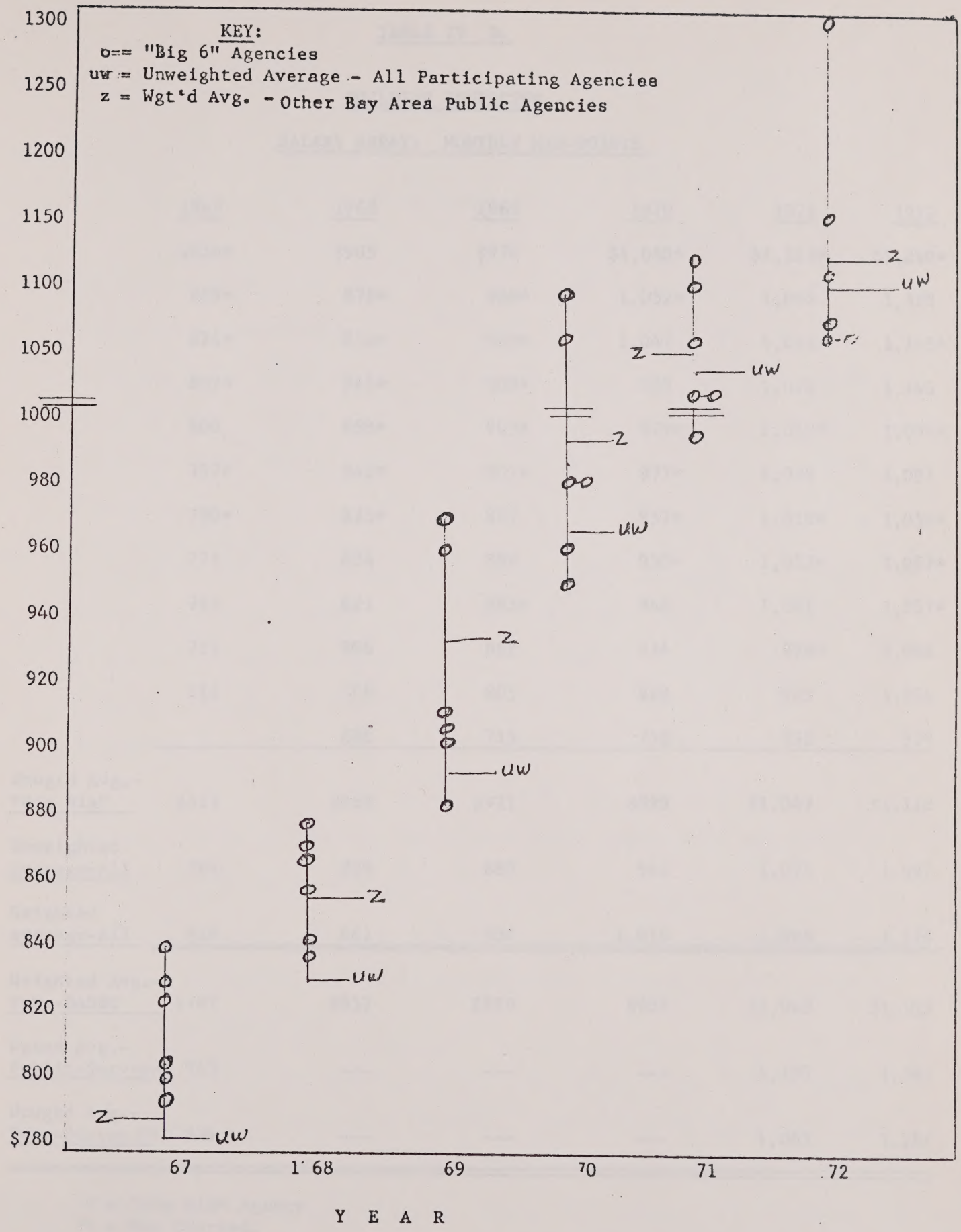

TABLE IV

TABLE IV D.

BUILDING INSPECTOR

SALARY ARRAY: MONTHLY MID-POINTS

	1967	1968	1969	1970	1971	1972
	$836*	$905	$974	$1,080*	$1,111*	$1,290*
	829*	878*	968*	1,052*	1,094	1,168
	824*	870*	959*	1,047	1,093*	1,148*
	802*	865*	908*	989	1,070	1,146
	800	858*	905*	979*	1,052*	1,099*
	797*	842*	901*	977*	1,038	1,091
	790*	835*	897	957*	1,018*	1,059*
	771	834	888	950*	1,012*	1,057*
	745	821	883*	946	1,001	1,057*
	731	806	862	914	998*	1,056
	713	749	805	888	983	1,024
		680	715	758	932	979
Unwgtd Avg.-"Big Six"	$813	$858	$921	$999	$1,047	$1,118
Unweighted Average-All	784	829	889	961	1,033	1,097
Weighted Average-All	818	861	934	1,018	1,068	1,136
Weighted Avg.-Pub.-BASSC	$787	$852	$928	$989	$1,040	$1,103
Wgted Avg.-Public-Survey**	965	---	---	---	1,197	1,242
Unwgtd Avg.-Pub.-Survey **	834	---	---	---	1,063	1,113

* = "Big Six" Agency
** = Not Charted.

TABLE IV D.

BUILDING INSPECTOR

Analysis:

Summarized, the chart and array reveal these patterns:

	1967-68	1971-72	1972-73
"Big Six" Agencies	$813	$1,047	$1,118
Participating Agencies-All	784	$1,033	1,097
Public Agencies - BASSC	787	1,040	1,103
Public Agencies - Survey	965	1,197	1,242
Public Agencies - Survey*	834	1,063	1,113

*Unweighted.

No. Participating Agencies of Total higher than prevailing averages in:	1967	1971	1972
a) Public Agencies - BASSC	7 of 11	5 of 12	4 of 12
b) Public Agencies - Survey	0	0	0
c) Public Agencies - Survey*	1	4	4

*Unweighted.

* * *

The foregoing tabulations indicate that participating agency rates are pretty much in accord with prevailing Bay Area rates.

The only public agency average which markedly exceeds that for the Project Group is the weighted average for the "Public Agency - Survey" agencies. The differential between the two is $145 or 13%.

This gaping disparity is due entirely to one large agency in the "Survey" group currently paying $201 per month more than the closest salary of any agency in any of the three groups being compared. (The second highest rate, incidentally, is $122 above the next highest and is paid by a "Big Six" Agency.) The impact on the weighted average is acute as the agency has 37 more rates or more than three times

the number of positions than the second largest jurisdiction in the combined sample. This rate "superiority" is historical and stems from a direct tie with construction industry trade rates.

To rid the comparative patterns of the distortions inherent in the above two "runaway" rates, the highest and the lowest rate of both this group and of the participating agencies were stricken with the results shown below.

(UNWEIGHTED AVERAGES)

	1967-68	1971-72	1972-73
Participating Agencies	$787	$1,036	$1,091
"Survey" Agencies	806	1,038	1,087
$/% Differential	$19/2.4%	$2/.2%	$4/.4%

Other patterns evidenced are:

1. Salary compression among the Project Group as a whole has not been a problem and currently is non-existent among the top five rates.

The range between the second highest and second lowest rate six years ago was $98 or 13.4%; in 1971, it was $111 or 11.3%; and is now $144 or 14.1%.

For the five highest rates, the differential was $36 or 4.5% in 1967; $59 or 5.6% in 1971; and is $191 or 17.4%. The current spread is largely caused by the previously mentioned rate adopted last July by one of the largest agencies.

2. Despite the over-all increase in ranges between higher and lower salaries, individual rates are tending to cluster.

Using an arbitrary spread of $3 as the determining point, six participating agencies currently have clustered rates as opposed to four in 1971 and three in 1967.

3. The differential between the average salary paid by the six largest jurisdictions and that for the Project Group is narrowing.

In 1967, this spread was $29 or 3.7%; in 1971, it was $16 or 1.5%' and is now $21 or 1.9% despite the aforementioned "super-rate" paid by one of the Project Group. This trend is reflected in the distribution of "Big Six" agencies among the salary array. In 1967, the top four rates were paid by four jurisdictions in this group; presently two such agencies pay among the top four.

Summary:

The two most significant patterns that have emerged are:

1. The parallel average rates paid by the participating agencies and other public jurisdictions outside the county with which some of them compare.

The fact the "outside" rates are reflected in those paid by the Project Agencies using them for survey purposes is to be expected. That they are reflected in the salaries of Project Agencies which do not use any outside data indicates the effects of the prevailing interrelated salary-setting practices of the majority of the Project Group.

2. The top two rates in the group are determined by formula as of 1972.

The highest salary, which is $122 above the other, is partially based on a construction trades' formula. This practice represents one instance where the use of private data is inappropriate inasmuch as it is controlling pay for a key job unique to public employment and for which there is an abundance of local public rates.

The second highest rate is established through a public sector-related formula, which includes the salaries of the above jurisdiction and of the highest-paying agency in the entire sample. In short, the rate so established by this agency will reflect at least two very high salaries set by means of contruction trades' formula.

Considering these two jurisdictions are each surveyed by eleven Project Agencies, the potential for whipsawing is real and immediate.

TABLE IV E.

CLASS: POLICE OFFICER

SCOPE OF SAMPLE:

Participating Agencies: 10 classes; 878 positions.
"Big 6" Agencies: 5 comp. classes; 807 positions.
Other Bay Area Public Agencies: 14 classes; 1532 - 2025 positions.

DATA SOURCES:

Other PublicAgencies: BASSC Agencies, Bay Area (Fall) through 1971 - 72. 1972 - 73 data obtained through current local surveys and individual agency salary plans.

E. POLICE OFFICER

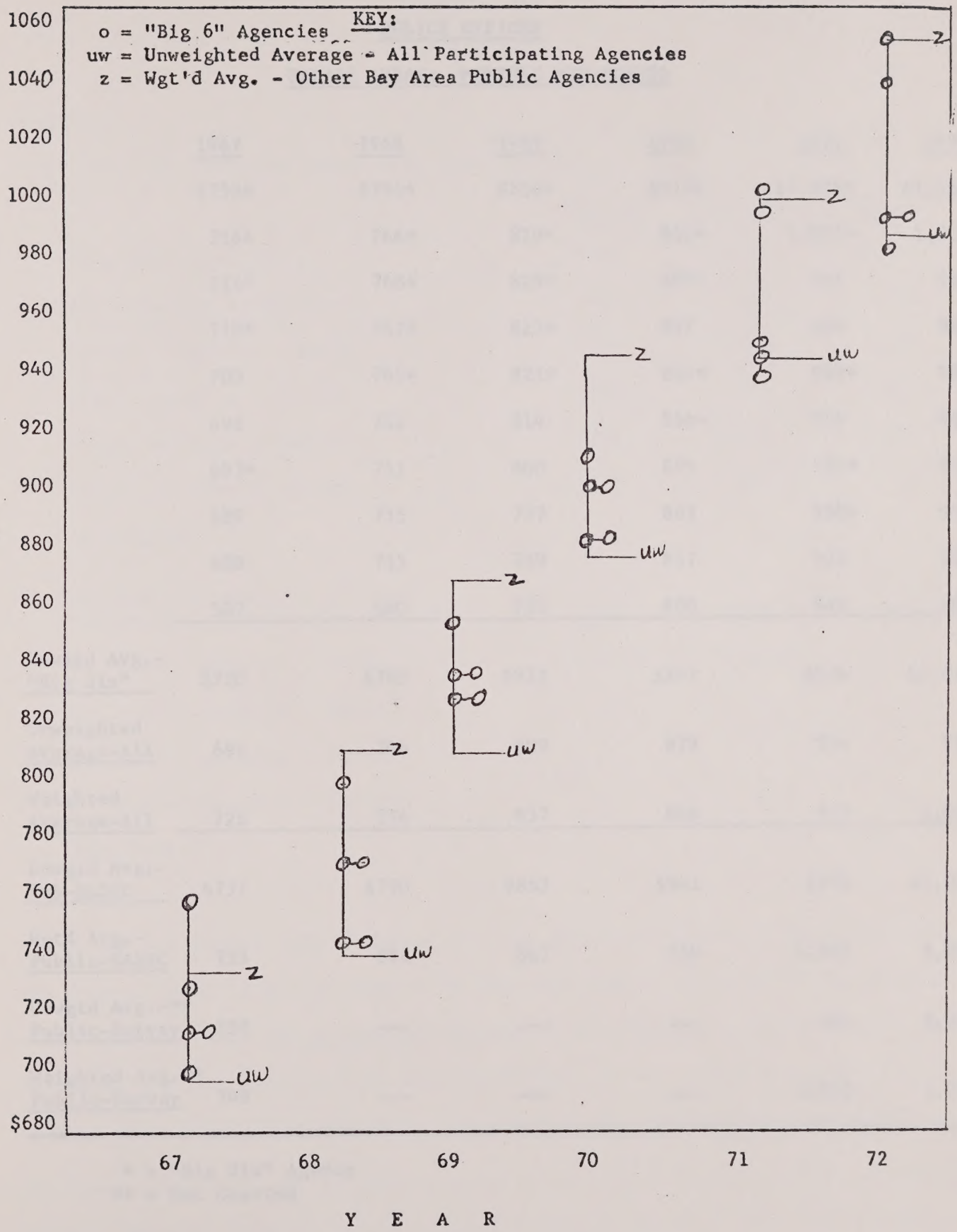

TABLE IV

TABLE IV E.

POLICE OFFICER

SALARY ARRAY: MONTHLY MID-POINTS

	1967	1968	1969	1970	1971	1972
	$758*	$796*	$856*	$913*	$1,005*	$1,050*
	726*	768*	829*	901*	1,001*	1,036*
	711*	768*	829*	899*	981	994*
	710*	747*	823*	897	964	992*
	700	745*	821*	886*	959*	989
	698	742	814	884*	956	987
	697*	741	800	869	954*	981*
	689	735	797	862	950*	981
	688	715	789	857	923	965
	587	680	731	805	846	888
Unwgtd Avg.- "Big Six"	$720	$765	$832	$897	$974	$1,011
Unweighted Average-All	696	744	809	877	954	986
Weighted Average-All	725	774	837	899	977	1,012
Unwgtd Avg.- Pub-BASSC	$731	$790	$853	$941	$995	$1,034
Wgtd Avg.- Public-BASSC	733	811	867	950	1,003	1,050
Unwgtd Avg.-** Public-Survey	728	---	---	---	991	1,032
Weighted Avg.** Public-Survey	749	---	---	---	1,052	1,091

* = "Big Six" Agency
** = Not Charted

TABLE IV E.

POLICE OFFICER

Analysis:

Summarized, the chart and array show these trends:

	1967-68	1971-72	1972-73
"Big Six" Agencies	$720	$974	$1,011
Participating Agencies-All	696	954	986
Public - Agencies - BASSC	733	1,003	1,050
Public Agencies - BASSC*	731	995	1,034
Public Agencies - Survey	749	1,052	1,091
Public Agencies - Survey*	728	991	1,032

*Unweighted

No. Participating Agencies of Total higher than averages in:	1967	1971	1972
a) Public Agencies - BASSC	1 of 10	1 of 10	0 of 10
b) Public Agencies - BASSC*	1	2	2
c) Public Agencies - Survey	1	0	0
d) Public Agencies - Survey*	1	2	2

*Unweighted

* * *

Two of the six largest participating agencies have been one-two in salaries among the Project Group in all but one of the past six years. Their rates have consistently kept pace with the unweighted averages of both sources of other public data. (Weighted averages have not been used exclusively as one or two agencies with the highest salaries and most positions dominate the weighted sample averages.)

The rates of the majority of participating agencies have lagged behind such averages without "outside" data having any noticeable direct effect on them over the study period.

On the face of these data, it appeared a static situation existed whereby the rest of the group was keying off the rates of the two highest paying participating agencies, which in turn were moving on the basis of outside prevailing rates at a fairly constant level.

To test this conclusion, these computations were made for 1967, 1971, and 1972:

1. The relationship of the two highest rates to the averages of the two other public agency data sources.

2. The relationship of the "Big Six" rates to such averages.

3. The relationship of the Project Group rates to those same averages.

4. The relationship of the group average to the rates of the two highest paying participating agencies.

The results were:	1967	1971	1972	Maximum Deviation
1. Two highest agencies > outside	+ 1.5% (BASSC)	+ .9%	+ .9%	.6%
data averages	+ 1.9 (Survey)	+ 1.3	+ 1.1	.8
2. "Big Six" < outside	- 1.5	- 2.2	- 2.3	.8
data averages	- 1.1	- 1.8	- 2.1	1.0
3. Project Group <	- 5.0	- 4.3	- 4.9	.7
outside data averages	- 4.6	- 3.9	- 4.7	.8
4. Project Group <	- 6.6	- 5.2	- 5.8	1.4
two highest agencies				

* * *

The above illustrates the nature of the Project Group's salary relationships relative to one another and to comparable data sources. This has contributed to rate clustering between the third and eighth highest salaries which were 3.3% apart in 1967 and are now separated by 1.3%.

Summary:

The salaries of one of the two aforementioned participating agencies have closely paralleled those of the two largest and highest paying cities in the Bay Area; of

Los Angeles County; and of the City of Los Angeles for most of the last six years. At least two of the four determine pay by formula. As of 1972, this agency is tied to these, and other, jurisdictions by formula.

In turn, two other "Big Six" agencies include this agency in their formula -- also adopted in 1972. Next, all but one of the remaining participating agencies with comparable classes includes these three formula-agencies in their survey design. While the rates of the top-paying agencies have not been competed with by the rest of the Project Group in the past two years, it has been demonstrated that as they move so do the rest.

TABLE IV F.

CLASS: FIREFIGHTER

SCOPE OF SAMPLE:

Participating Agencies: 9 classes; 460 positions.
"Big 6" Agencies: 4 comp. classes; 273 positions.
Other Bay Area Public Agencies: 9 classes; 1013 - 999 positions.

DATA SOURCES:

Other Public Agencies: BASSC Agencies, Bay Area (Fall) through 1971 - 72. 1972 - 73 data obtained through current local surveys and individual agency salary plans.

F. FIREFIGHTER

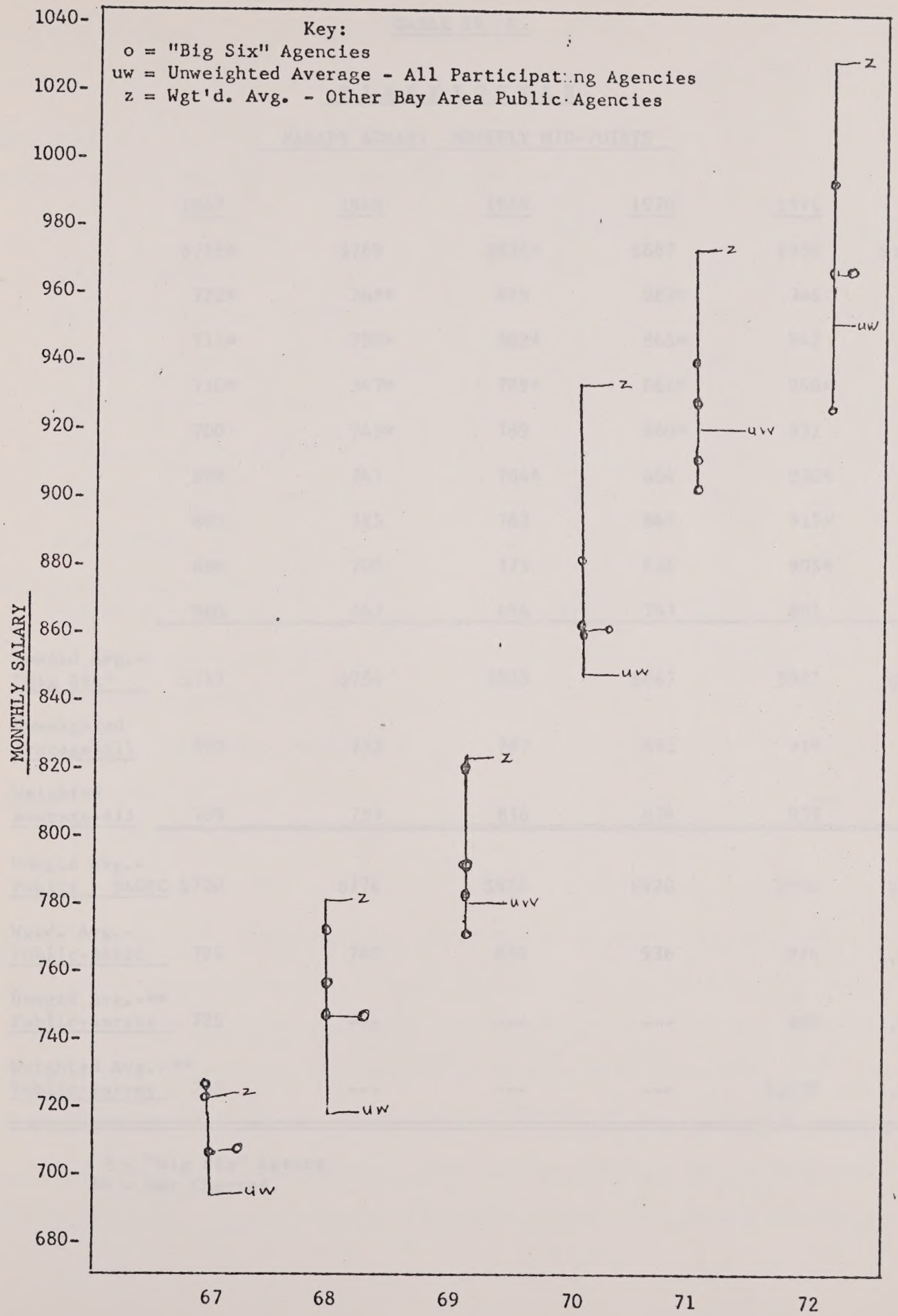

TABLE IV

TABLE IV F.

FIREFIGHTER

SALARY ARRAY: MONTHLY MID-POINTS

	1967	1968	1969	1970	1971	1972
	$726*	$769	$836*	$887	$959	$1,007
	722*	768*	829	883*	946	987*
	711*	758*	802*	865*	942	965*
	710*	747*	789*	862*	940*	965*
	700	745*	789	860*	932	964
	698	741	784*	854	930*	962
	697	715	783	849	915*	946
	688	700	775	836	905*	935*
	560	647	696	767	805	846
Unwgtd Avg.- "Big Six"	$717	$754	$803	$867	$922	$963
Unweighted Average-All	690	732	787	851	919	953
Weighted Average-All	709	753	816	874	939	982
Unwgtd Avg.- Public - BASSC	$720	$776	$828	$920	$950	$999
Wgtd. Avg.- Public-BASSC	724	788	839	936	976	1,035
Unwgtd Avg.-** Public-Survey	725	---	---	---	969	1,020
Weighted Avg.-** Public-Survey	752	---	---	---	1,070	1,110

* = "Big Six" Agency
** = Not Charted.

TABLE IV F.

FIREFIGHTER

Analysis:

Summarized, the chart and array reveal these trends:

	1967-68	1971-72	1972-73
"Big Six" Agencies	$717	$922	$963
Participating Agencies-All	690	919	953
Public Agencies - BASSC	724	976	1,035
Public Agencies - BASSC*	720	950	999
Public Agencies - Survey	752	1,070	1,110
Public Agencies - Survey*	725	969	1,020

*Unweighted.

No. Participating Agencies of Total higher than averages in:	1967	1971	1972
a) Public Agencies - BASSC	1 of 9	0 of 9	0 of 9
b) Public Agencies - BASSC*	2	1	1
c) Public Agencies - Survey	0	0	0
d) Public Agencies - Survey*	1	0	0

*Unweighted.

* * *

As with the class of Police Officer, two "outside" agencies with the highest salaries and the most positions dominated the weighted averages for the respective public group with which participating agency data were compared. Therefore, unweighted averages will be used here for analysis purposes so as to more fully reflect individual agency rates.

As noted in the foregoing tabulations, the average rate paid by the Project group has lagged behind those of the two other public agency data sources for the last

six years. This differential has ranged from a low of 3.2% in 1971 (BASSC Group) and a high of 7% currently (Survey Group). The 7% figure is considerably overstated, however, through one of the highest paying participating agencies in 1971 having made no wage move in July 1972.

Over-all, the respective spread between the Project Group and one or the other "outside" public agency group has remained relatively constant over the years, but is currently tending to widen.

At the same time, the range among the top five salaries in the Project Group increased slightly from 3.7% in 1967 to 4.5% in 1972. The same pattern applies to the differential between the second highest and second lowest rates in the group, which went from 4.9% to 5.6%.

Considering the trends cited in the preceding two paragraphs, a static relationship has been maintained among salary differentials within the Project Group and between the group average and those of other Bay Area public jurisdictions. Where the highest participating agency salaries have fallen further behind the average of other public rates, so have those of the group as a whole.

Much like the police class, participating agency rates for firefighters do not tend to follow those prevailing in the Bay Area or in nearby counties. Instead, they adhere to those prevailing within the County.

Also, like the police class, the differential between the average rate of the four largest Project Agencies and that of the entire group has narrowed considerably. From 3.9% in 1967, the differential dropped to 1.1% in 1972. The previous year the spread was only .3%.

Summary:

The rates for this class, as well as for police, represent one instance where interlocking survey design has served to retard salary escalation. Although

salary whipsawing occurs among participating agencies, their rates so far have not felt the impact of salaries paid by the two largest cities in the Bay Area. This situation may change. As of 1972, the four highest paying Project Agencies were committed to wage formula. Three of these are formal and were bilaterally adopted; the fourth is informal, but jointly recognized.

One such formula includes the two top salaries in the Bay Area, both of which are established by formula and are based on police/fire salary parity. Two other formula include the salary of the first Project Agency and are restricted in scope. The fourth is aligned with pay for police in another participating agency.

In other words, high fire, and even some police salaries will by formal agreement be injected into the local rate structure this year. Participating agencies basing pay on this structure only will automatically be subject to both local and inter-area salary whipsawing.

TABLE IV G.

CLASS: SWEEPER OPERATOR

DESCRIPTION: Regularly operates a large motorized street sweeper (including single or dual engines and single or double brooms) in the cleaning of public streets. May occassionally operate a truck or other equipment

Exclusions: Leadmen.

Note: Must operate sweeper in public streets. Operator of sweeper must constitute major portion of incumbent's time.

SCOPE OF SAMPLE:

Participating Agencies: 12 classes; 39 positions.
"Big 6" Agencies: 31 positions.
Other Bay Area Public Agencies: 9 classes; 29 - 35 positions.

DATA SOURCES:

Other Public Agencies: League of California Cities surveys; January 1968 - January 1972. 1972 - 73 data not available.

G. SWEEPER OPERATOR

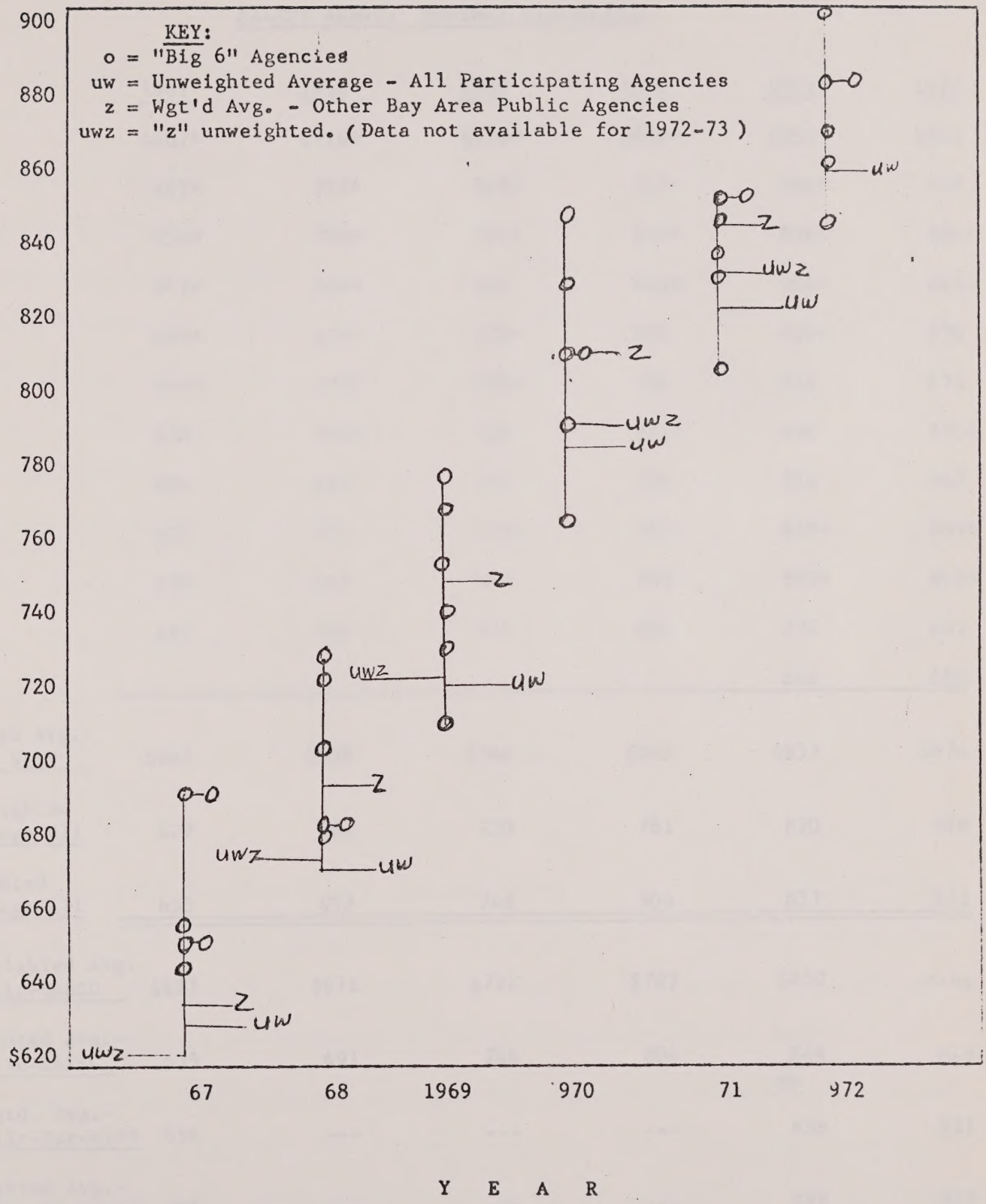

TABLE IV

TABLE IV G.

SWEEPER OPERATOR

SALARY ARRAY: MONTHLY MID-POINTS

	1967	1968	1969	1970	1971	1972
	$687*	$726*	$776*	$884*	$857	$898
	687*	722*	768*	827*	856*	889
	654*	704*	751*	806*	856*	884*
	647*	689*	742	804*	846*	883*
	647*	679*	739*	800	836*	876
	644*	679*	728*	794	836	874
	639	676*	720	787*	834	870*
	604	662	714	770	833	860
	603	651	713*	764*	829*	859*
	599	618	698	759	802*	848*
	483	533	573	631	797	841
					663	696
Unwgtd Avg.- "Big Six"	$661	$698	$746	$805	$837	$874
Unweighted Average-All	627	667	720	781	820	856
Weighted Average-All	655	693	746	806	837	871
Unweighted Avg. Public-BASSC	$623	$671	$722	$787	$830	n.a.
Weighted Avg.- Public-BASSC	635	691	746	804	844	n.a.
Unwgtd. Avg.- Public-Survey**	656	---	---	---	858	911
Weighted Avg.- Public-Survey**	705	---	---	---	899	949

* = "Big Six" Agency
** = Not Charted

TABLE IV G.

SWEEPER OPERATOR

Analysis:

Summarized, the chart and array reflect these trends:

	1967-68	1971-72	1972-73
"Big Six" Agencies	$661	$837	$874
Participating Agencies - All	627	820	856
Public Agencies - BASSC	635	844	n.a.
Public Agencies - BASSC*	623	830	n.a.
Public Agencies - Survey	705	899	949
Public Agencies - Survey*	656	858	911

* Unweighted.

No. Participating Agencies of Total higher than averages in:	1967	1971	1972
a) Public Agencies - BASSC	7 of 11	4 of 12	n.a.
b) Public Agencies - BASSC*	7	8	n.a.
c) Public Agencies - Survey	0	0	0
d) Public Agencies - Survey*	2	0	0

* Unweighted.

* * *

The "Public-Survey" weighted average for this class is also distorted by the highest paying agency having a rate $300 per month higher than the next plus a large number of positions. Again, unweighted averages were applied to such data to reduce the impact of this rate, which happens to be Teamster Contract rate.

Until 1972, the Project Group average lagged at a relatively constant rate (approximately 4.5%) behind that for the "Survey" group. In 1972, this differential increased by two percent. The increase in the group lag, however, was not as great

as that experienced by the six largest participating agencies over the same period. In 1967, the "Big Six" had an edge of .9%; by 1971, it was 2.5% in arrears; and now is 4.2% lower than the "Survey" group average. The same pattern holds for the "Public-BASSC" sample, although differentials are less as this group does not include the aforementioned "super-rate".

During the same period, salary relationships among participating agencies underwent considerable change. In 1967, the spread among the top five salaries was 6.2%, but is currently only 2.5%. The range between the second highest and second lowest rate was 14.7%; it is now 5.7%. This compression resulted in the differential between the averages for the "Big Six" and for the group being diminished from 5.4% in 1967 to 2.1% presently.

Summary:

Data for this class illustrate the increasing trend toward participating agency rates conforming more to each other and less to prevailing rates of public jurisdictions outside the county.

The point is not that the Project Group should start surveying jurisdictions that are fifty miles away merely because such jurisdictions pay more.

The point is that salary interdependence confined to a relative handful of agencies and a restricted geographical area leaves those agencies unduly vulnerable to salary whipsawing.

TABLE IV

GENERAL SUMMARY

Facts:

1. For classes sampled that have private industry counterparts -- Typist, Janitor and Civil Engineer -- participating agency salaries generally exceed prevailing public and private rates.

2. For classes which do not have industry counterparts -- Police Officer, Firefighter, Building Inspector and Sweeper Operator -- participating agency rates generally approximate or are less than prevailing Bay Area public rates.

3. Rates of the six largest Project Agencies once dominated top salaries in the group. Today, the six are distributed among arrays with two or three still falling within the five highest salaries. The place of the others has been taken by combinations of four smaller agencies.

4. Differentials among the five highest salaries; between "high" and "low" salaries; and between "Big Six" and group averages have been compressed over the years.

Discussion:

The phrase, "Big Six", was attached to the group's largest jurisdictions as a result of their appearance in the survey designs of so many other Project Agencies -- both large and small.

This situation is no doubt caused more by size than any other factor. Regardless, their predominance in the survey samples of their neighbors places them in the position of "leaders". Their salaries can be used as rates to exceed, match or follow, depending upon the circumstances.

In earlier years, their salaries were obviously used by smaller jurisdictions to follow, but usually not to match or to exceed. The rates of the smaller agencies

consistently lagged behind those of the larger. In short, the salaries of the big were not pulling the salaries of the small to their level.

The fact the "Big Six" no longer dominate the upper salary strata is indicative of the trend to smaller agencies now using big agency rates to match or exceed. Note that only one of the largest jurisdictions looks at the data of any of the smaller agencies, whereas virtually all of the smaller cities survey the larger ones and rarely look at any rates from sources outside the Project group. In this context, the rates of the largest and/or highest paying local jurisdictions are bound to have disproportionate impact on those agencies comparing with them and thus salary whipsawing is inherent in the structure. Further, it need not be, and is not, confined to high rates exerting a pulling effect. Clustering around rates of lesser paying agencies surveyed is equally indicative of rate whipsawing. The police and fire classes are cases in point.

One of the best illustrations of the results of interlocking and restrictive survey design is contained in points "1" and "2" under "Facts". Whether participating agency salaries for a particular class are high or low in contrast to prevailing rates, their rate structures are generally not responsive to such outside influences.

Although the pulling and clustering effects previously mentioned constitute the most significant and prevalent trends, two others are emerging. These are:

1. "Runaway" rates.
2. The formation of a "Big Ten".

The top rate currently paid for two (Civil Engineer and Building Inspector) of the seven sample jobs are far in excess of both what is prevailing within the Project Group and outside of it. One is the result of a formula; the second has no rationale, but is a striking example of the second emerging pattern--- the "Big Ten".

Four smaller agencies are consistently competing with the larger ones in paying top dollar. At least two such jurisdictions are among the five highest in salaries for five of the seven classes studied. (The exceptions are Firefighter and Police Officer.) In one instance, all four cities are in the top five.

This pattern can only be partially attributed to "pull" from larger agencies. When a salary exceeds that of the closest "Big Six" agency by $34 per month, there is no whipsaw, but a conscious effort to be "number one". If such rates could be safely isolated from the rest, no harm done.

However, it has been demonstrated that they can not, particularly within the framework of "meet and confer" and the historical practice of interlocking survey designs.

Up to this point, the larger agency has not been too concerned with what a smaller one is doing. It has not had to -- but now, it may. Even if the "Big Six" members are able to withstand pressures to match such rates, other smaller agencies may not, especially since they already include most or all of the foregoing high-paying agencies in their survey samples.

TABLE V

FRINGE BENEFIT LEVELS

Introduction:

This table is designed to reflect movements in benefit levels among the participating agencies through sampling benefit provisions in four of the six study years. Methods used in tabulating the material are footnoted for each of the ten benefits studied.

The first column after "year" will either be "Coverage" or "Plans". Percentages under these columns are based on all sixteen agencies unless otherwise indicated. Percentages under all other columns are based upon the number of agencies providing the respective benefit.

Each table is structured to show the number and percent of agencies involved in the particular activity indicated by the column heading. For example, the designation "8/50" under "Coverage" in Section B, Dental, means eight agencies or 50% of the Project group provided a plan in 1971. Continuing in order across the columns for 1971, two agencies or 25% (Column c) of those providing coverage had more than one plan. In Column d), six jurisdictions or 75% of those with plans provided coverage for dependents. Under Column e), three agencies or 38% of those with plans paid all of the family premium and three did not. In f), three jurisdictions pay 100% of only the employee's premium regardless of whether or not they provide family coverage. This column is independent of e). For Column g), two agencies or 25% of those giving this benefit, are self-insured and when added to those in Column e) equal the total number of participating agencies with dental plans.

Following the tables will be supplemental benefit information covering other Bay Area public agencies as well as the private sector, and an analysis of primary trends.

TABLE V
FRINGE BENEFIT LEVELS
(SIXTEEN PARTICIPATING AGENCIES ONLY)

A. MEDICAL

a)	Agencies: Number/Percent Providing and Paying:						
	b)	c)	d)		e)		
		Different	EMP PREM.		FAMILY PREM.		
Year	Coverage	Plans 1)	Some	100%	0	Some	100%
1967 - 68	15/94%	0	4/27%	11/73%	14/93%	1/7%	0
1969 - 70	16/100	0	3/19	13/81	12/75	4/25	0
1971 - 72	16/100	2) 4/25%	3/19	13/81	7/44	8/50	1/6%
1972 - 73	16/100	3) 6/38	1/6	15/94	5/31	10/63	1/6
% Increase from 1967:				36%		900%	

1) Agencies with separate and distinct plans for different employee groups; OR different contribution rates for different employee groups to same plan(s). Does not include customary two-plan option. For purposes of allocations to Columns d) and e), an agency will be counted only once based upon the type of contribution rate prevailing for the majority of its employees.
2) 10 contribution rates including one for non-contributory family coverage for one employee group.
3) 18 contribution rates including one for non-contributory family coverage for one employee group.

B. DENTAL

a)	Agencies: Number/Percent Providing and Paying:								
	b)	c)	d)	e) 2)			f)		g)
		Different	Family	FAMILY PREM.			ONLY EMP. PREM		Self -
Year	Coverage	Plans 1)	Coverage	0	Some	100%	Some	100%	Insured
1967 - 68	0								
1969 - 70	1/6%	0	1/100%	1/100%	0	0	0	1/100%	0
1971 - 72	8/50	3) 2/25%	6/75	3/38	0	3/38%	0	3/38	2/25%
1972 - 73	12/75	4) 2/25	8/67	3/25	0	5/42	0	4/33 5)	3/25

1) Agencies with separate and distinct plans for different employee groups.
2) Columns e), and g) additive to equal total, under "Coverage" for 1969-70 and 1971-72
3) Five plans including one self-insured program not in Column g).
4) Six plans including one self-insured program not in Column g).
5) Includes one plan w/o family coverage which represents the 12th agency shown under "Coverage"

C. LIFE INSURANCE (BASIC POLICY) 1)

a)	b)	c) PREMIUM			d) MAX. AMOUNT (IN THOUSANDS $) 2)					
		Agencies: Number/Percent Providing and Paying:								
Year	Coverage	None	Some	100%	1	2	3-4	5	10-15	Annual Salary
1967 - 68	15/94%	0	0	15/100%	3/20%	7/47%	0	1/7%	1/7%	3/20%
1969 - 70	15/94	0	0	15/100	1 /7	2/13	0	7/47	2/13	3/20
1971 - 72	15/94	0	0	15/100	0	2/13	0	6/40	3/20 3)	4/27
1972 - 73	15/94	0	0	15/100	0	1/7	1/7	6/40	3/20	4/27
% Increase from 1967:								500%	200%	33%

1) Excludes supplemental amounts regardless of who absorbs incremental cost.
2) Where more than one policy/agency, the higher amount is reflected in Column d).
3) Includes one amount based on 1 1/2 times annual salary; and another on annual salary plus $10,000.

D. INCOME PROTECTION INSURANCE (LTDI; SALARY CONTINUATION)

a)	b)	c) PREMIUM		
	Agencies: Number/Percent Providing and Paying:			
Year	Coverage	None	Some	100%
1967 - 68	8/50%	7/88%	0	1/12%
1969 - 70	9/56	7/78	0	2/22
1971 - 72	10/63	7/70	0	3/30 1)
1972 - 73	11/69	7/64	0	4/36 1) 2)
% Increase from 1967:	38%			300%

1) Includes one agency which also shares premiums with two employee groups.
2) Includes a second agency which does not provide coverage to two employee groups.

E. SICK LEAVE PAY-OUT 1) 2)

a)	b)	c)					d)			
	Agencies: Number/Percent Providing and Paying:									
		ELIGIBILITY REQUIREMENTS					MAX. % PAY-OUT			
		Service Years				Days Accrued				
Year	Plan	5	10	15	20		To 25	25-49	50-74	75+
1967 - 68 3)	7/44%	1/14%	1/14%	3/43%	1/14%	0	0	0	2/29%	4/57%
1969 - 70 3)	7/44	1/14	1/14	3/43	1/14	0	0	0	2/29	4/57
1971 - 72 3)	11/73	1/9	4/36	3/27	2/18	0	1/9	0	5/45	4/36
1972 - 73 3)4)	12/80	1/8	4/33	3/25	2/17	1/8	1/8	1/8	5/42	4/33
% Increase from 1967:	71%									

1) Includes plans that provide for extra vacation.
2) All agencies in sample have sick leave plans. Maximum number in sample is sixteen through 1969-70; thereafter, fifteen due to one agency adopting a self-insured short-term disability plan not adaptable to conversion to any conventional pay-out plan as no actrual involved.
3) Includes one vacation-type plan not reflected in Column c). Therefore, c) and d) not additive to b).
4) One agency has both pay-upon-termination and vacation-type plans.

F. "IN LIEU OF" HOLIDAY PAY 1) (POLICE & FIRE)

a)	b)	c)	d)
	2)Agencies: Number/Percent Providing and Paying:		
Year	Plans 3)	Pay Proportionate To Number of Holidays	Pay Not Proportionate To Number of Holidays
1967 - 68	8/67%	6/75%	2/25%
1969 - 70	11/92	7/64	4/36
1971 - 72	11/92	8/73	3/27
1972 - 73	11/92	8/73	3/27
% Increase from 1967:	38%		

1) Pay in addition to base salary and as a substitute for guaranteed time off on agency holidays and for holiday overtime. In all cases in sample, payment is made whether or not holiday is worked.
2) 12 agencies in sample; 4 others do not have police or fire function.
3) Agency counted as providing plan as long as one or the other uniformed service receives benefit.

G. PAID SICK LEAVE 1)

Agencies: Number/Percent Providing:

a) Year	b) Plans	c) Waiting Period/ Illness	d) MAX. DAYS/ YEAR 10	12	15	e) MAX. DAYS ACCUMULATION To 90	90	120	130	150	180	No Limit
1967-68	16/100%	1/6%	2/13%	14/88%		2/13%	4/25%	2/13%	1/6%	2/13%	0	5/31%
1969-70	16/100	1/6	1/6	14/88	1/6%	2/13	2/13	2/13	1/6	0	1/6%	8/50
1971-72 2)	16/100	0	0	14/88	1/6	1/6	2/13	1/6	1/6	0	0	10/63
1972-73 2)	16/100	0	0	14/88	1/6	0	0	2/13	1/6	0	0	12/75
% Increase from 1967:												140%

1) Excluding Fire Department shift personnel.
2) One agency with self-insured, short-term disability plan not represented in Columns d) and e). Therefore, these Columns will not equal the total in b).

H. PAID VACATION 1) 2)

Agencies: Number/Percent Providing:

a) Year	b) 3) 15 WORK DAYS AFTER: (FULL YEARS) No./%	2	3	4	5	10	c) 20 WORK DAYS AFTER: (FULL YEARS) No./%	9	10	14	15	19	20
1967-68	16/100%	0	1/6%	5/31%	9/56%	1/6%	14/88%	2/14%	1/7%	1/7%	5/36%	2/14%	3/21%
1969-70	16/100	0	1/6	5/31	10/63	0	14/88	2/14	1/7	1/7	6/43	2/14	2/14
1971-72	16/100	1/6%	0	5/31	10/63	0	14/88	2/14	2/14	3/21	6/43	0	1/7
1972-73	16/100	1/6	0	5/31	10/63	0	14/88	4/29	0	2/14	7/50	0	1/7
% Increase from 1967:								50%			40%		

1) Excluding Fire Department shift personnel.
2) All agencies have provided for accrual of 10 work days during 1st year of service since 1967. In 1972-73, 12 days given by one agency.
3) 16 days after 4 years given by 2 agencies; included in 1971-72 and 1972-73 figures.

I. PAID HOLIDAYS [1]

a)	Agencies: Number/Percent Providing:							
	b) MAX. NUMBER [2]							
Year	8	9	10	10 1/2	11	11 1/2	12	Guaranteed [3]
1967 - 68	1/7%	1/7%	3/20%	0	3/20%	1/7%	6/40%	-
1969 - 70	0	0	3/19	0	5/31	2/13	6/38	-
1971 - 72	0	0	1/6	0	6/38	2/13	7/44	-
1972 - 73	0	1/6	1/6	0	6/38	2/13	6/38	10/63%
%Increase from 1967:					100%	100%		

1) All sixteen agencies in sample from 1969-70; fifteen for 1967-68.
2) All official agency holidays including Statewide Election Days, but excluding Good Friday observance unless of 4 hours duration or more.
3) Number of holidays constant as weekend holidays are observed on Monday and Friday.

J. RETIREMENT PLANS [1]

a)	b)	Agencies: Number/Percent Providing:							
		c) MISCELLANEOUS EMPLOYEES				d) [2] PUBLIC SAFETY EMPLOYEES			
		PERS [3]		OTHER		PERS [3]		OTHER	
Year	Coverage	Soc.Sec	Without Soc.Sec	Soc.Sec	Without Soc.Sec	Soc.Sec	Without Soc.Sec	Soc.Sec	Without Soc.Sec
1967-68	16/100%	10/62%	2/13%	4/25%	0	3/25%	6/50%	2/17%	1/8%
1969-70	16/100	11/69	2/13	3/18	0	4/33	6/50	1/8	1/8
1971-72 4)	16/100	10/62	4/25	2/13	0	4/33	7/59	0	1/8
1972-73 4)	16/100	7/44	7/44	2/13	0	2/17	9/75	0	1/8
% Increase from 1967:			250%				50%		

1) All plans contributory.
2) Only twelve agencies in sample due to four having no public safety function.
3) Public Employees Retirement System---a State plan.
4) One agency has two plans; the second, an agency plan, excluded here as is being phased out in favor of PERS.

General Notes: As of fiscal year 1971, all PERS Miscellaneous plans identical due to amendment to State law.
One agency adopted PERS "Highway Patrol" plan for Public Safety employees in 1970-71; a second did so in 1972-73.

TABLE V

FRINGE BENEFIT LEVELS

ANALYSIS:

Most prevailing practices cited are self-explanatory and require little analysis. However, comparisons with "outside" data are significant and will be presented here. These comparisons will be drawn by designating the pattern prevailing among the participating agencies for the respective benefit as "High"; "Low"; or "Prevailing" in contrast to other local public agencies and industry.

The above designations are intended only as general guides. This is primarily due to the facts that the "outside" data are generally not as comprehensive or as current as those collected for the participating agencies. Moreover, there is no way to draw qualatative comparisons among such benefits as health and welfare.

Information concerning other Bay Area public agencies was gathered from two local surveys and covers ten to nineteen agencies including the State except for the current year. The same agencies were used for all years.

The data source for industry benefits was the Bureau of Labor Statistic's Area Wage Survey for the San Jose Metropolitan Area (Santa Clara County). The surveys used were those of September 1967, September 1969 and August 1971. Over 140 establishments and 100,000-plus office and plant workers comprise the samples. The latter amounts to roughly 25% of current area employment. Data presented for this group will be in terms of percent of studied workers receiving a particular benefit.

A. Medical

1. Primary Trend - Participating Agencies

   Agency absorption of an increasing amount of family medical premium.

   (10 of 16 contribute; 1 pays 100%.)

2. Trend Compared With "Outside" Data

   1972-73 Public: Eleven of twelve agencies sampled pay some family premium; none pays 100%

1971-72 Private: Non-Contributory plans[1]
79% (Plant); 65% (Office)

3. Designation: Participating Agency Trend vs "Outside" Data

LOW compared to industry sample[1]

PREVAILING compared to public sample

B. Dental

1. Primary Trend - Participating Agencies

Increasing agency adoption of plans. (12 plans; 8 of 12 non-contributory)

2. Trend Compared With "Outside" Data

1972-73 Public: Seven of twelve agencies sampled provide plan. (All non-contributory.)

1971-72 Private: Coverage
41% (Plant); 30% (Office)

Non-Contributory (of total studied)
39% (Plant); 22% (Office)

3. Designation: Participating Agency Trend vs. "Outside" Data

HIGH compared to industry sample

PREVAILING compared to public sample

C. Life Insurance (Basic Policy)

1. Primary Trend

Increase in amount of basic policy

(5 agencies had $5,000 or higher in 1967; 13 in 1972 - 15 of 16 provide coverage and pay 100% premium)

2. Trend Compared With "Outside" Data

1972-72 Public: Four of ten agencies sampled provided coverage, two of which had policies of $5,000 or more. No current data available on premium sharing.

1971-72 Private: Coverage
98% (Plant); 99% (Office)

Non-Contributory (of total studied)
82% (Plant & Office)

1) Does not distinguish between employee coverage only and family coverage. Therefore, distorted to high side.

3. Designation: Participating Agency Trend vs "Outside" Data

HIGH compared to public and private samples regarding coverage and amount; LOW compared to private samples regarding dependent coverage.

D. Income Protection Insurance

1. Primary Trend

Increase in plans and agency - paid premiums

(8 agencies provided plans in 1967; 1 non-contributory. 11 did so in 1972; 4 non-contributory.)

2. Trend Compared With "Outside" Data

1971-72 Public: Two of thirteen agencies sampled provided plan, one of which was non-contributory.

1971-72 Private: Coverage
35% (Plant); 54% (Office)

Non-Contributory (of total studied)
22% (Plant); 34% (Office)

3. Designation: Participating Agency Trend vs. "Outside" Data

HIGH compared with public sample.

PREVAILING/HIGH compared with private sample.

E. Sick Leave Pay-Out

1. Primary Trend

Increase in plans

(7 agencies had plans in 1967; 12 or 80% in 1972.)

2. Trend Compared With "Outside" Data

1971-72 Public: Seven of nineteen agencies sampled had plans. (37%)

1972-73 Public: Four of twelve agencies sampled have plans (33%) [2]

Private Industry: Not available [3]

3. Designation: Participating Agency Trend vs "Outside" Data

HIGH compared to public sample

2) Reduced sample due to unavailability of second data source at this time.
3) A benefit comparable to private industry even though data is currently lacking from BLS source.

F. "In Lieu of" Holiday Pay (Police & Fire)

1. Primary Trend

Increase in Plans
(8 agencies had benefit in 1967; 11 or 92% in 1972)

2. Trend Compared With "Outside" Data

1972-73 Public: Ten of thirteen agencies sampled give benefit (77%)

3. Designation: Participating Agency Trend vs "Outside" Data

PREVAILING compared to public sample

G. Paid Sick Leave

1. Primary Trend

Decrease in maximum accumulation limits

(5 agencies had no limit in 1967; 12 or 75% had none in 1972)

2. Trend Compared With "Outside" Data

1971-72 Public: Seven of nineteen agencies sampled had no limit (37%)

1972-73 Public: Two of twelve agencies sampled have no limit (17%)

Private Industry: Not available

3. Designation: Participating Agency Trend vs "Outside" Data

HIGH compared to public sample

H. Paid Vacation

1. Primary Trend

Reduction in eligibility requirements for fourth week

(In 1967, 5 agencies required 19 or 20 years' service for fourth week; in 1972, 1 or 7% has a service requirement over 15 years)

2. Trend Compared With "Outside" Data

1971-72 Public: Seven of nineteen agencies sampled had a fourth-week prerequisite in excess of fifteen full years' service (37%)

1972-73 Public: Four of twelve agencies sampled have such a prerequisite for fourth-week eligibility (33%)

1971-72 Private: % Earning 4th Week After:

15 yrs	20 yrs
38% (Plant); 30% (Office)	72% (Plant); 73% (Office)

3. Designation: Participating Agency Trend vs "Outside" Data

HIGH compared to public and private samples

I. Paid Holidays

1. Primary Trend

Increases to 11th and 12th days

(5 agencies gave less than 11 holidays in 1967; 2 or 12% give less than 11 currently)

2. Trend Compared With "Outside" Data

1972-73 Public: All twelve agencies sampled provide eleven days or more

1971-72 Private: 4% of plant and office workers receive eleven days or more (majority get 9 days)

3. Designation: Participating Agency Trend vs "Outside" Data

PREVAILING compared to public sample

HIGH compared to private sample

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PROJECT GUIDELINES - INTRODUCTION

The compensation structure of a local public agency in California has typically evolved from law, agency policy and practice and -- since January 1969 -- legally recognized joint negotiation.

It is these determinants, and the resulting compensation structures, to which the Guidelines have been addressed. Findings have been formulated in the context of a public agency, or group of agencies, evaluating its own compensation policies and practices. The Guidelines are to serve as tools for this and hence are set forth here in the sequence considered most logical and appropriate for any such review.

For each compensation facet studied, the Guideline will be presented first followed by a summary of prevailing practice where appropriate and discussion as required for clarification purposes.

GUIDELINE I. COMPENSATION DETERMINATION: THE FOUNDATION

A. THE LABOR MARKET

Guidelines: Basic agency policy concerning how its compensation plan is to be determined should be first addressed to:

The labor market in which the particular agency competes for the various classes of labor within its work force. An agency's actual labor market would normally include private firms and the State & Federal governments as well as neighboring local public agencies.

Practice: Virtually all participating agencies have some form of policy governing what constitutes its labor market for compensation comparison purposes and where its salaries shall fall within that market. The level of fringe benefits are commonly not covered by such policies.

Ten of the sixteen agencies have formal written compensation policies originating from resolution, ordinance or charter provision. Of these, only four contain a specific listing of which organizations (all public) comprise the agency's labor market; and two of these provide for the level (median or mean) at which salaries and benefits are to be set.

Eight of the aforementioned ten policies include private firms as being part of the "prevailing" community rates with which the public agency's pay is to be commensurate or comparable. However, actual practice is considerably divergent from policy.

This divergence is reflected in Table II which illustrates the extent to which the participating agencies salary and/or benefit levels are influenced by comparisons with one another as opposed to comparisons with other public agencies outside of the County and, in particular, private industry anywhere. In brief summary, each of the six largest agencies is consistently looked to for "comparable"

compensation data by ten or eleven other participating agencies including those of the "Big Six" group. Each of three more jurisdictions are surveyed by seven Project agencies.

This pattern of "interlocking" comparisons is rarely broken through the use of private firms or other public agencies. Ten of all Project agencies include one or both of these sources in their samples, but only three at most actually use private data in "meet and confer".

In applying the foregoing data, prevailing practice is to pay at least, and often more than, the average of the survey sample for benchmark or key jobs. These key classes will in turn determine the amount of movement for related classes. What this array of policy and practice boils down to is:

1. "Interlocking" compensation comparisons among essentially the same bloc of public agencies within the County, in fact, constitute the "labor market" for many such agencies irrespective of prescribed policy or competitive considerations.

2. Operating in this manner, and with the majority of agencies subscribing to survey averages, a virtual vacuum is established whereby a significant movement on the part of one of the agencies can have a substantial impact on the others. The participating agencies have themselves created the mechanism by which "whipsawing" of compensation levels can occur. This situation has evolved with relatively little prodding by employee groups inasmuch as the bulk of today's policy and practice existed before the enactment of the Meyers-Milias-Brown Act in 1968.

Discussion: There is no rationale to determining compensation levels in accordance with what other neighboring local public agencies are doing merely because they happen to be local and public. Consider that as of December, 1971, the total city and County work forces, excluding school districts, were just less than 25% of all government employment and only 4% of total civilian employment

in the San Jose Metropolitan area. This demonstrates how small the "interlocking" survey sample is in contrast to the actual competitive labor market.[1)]

The following are examples of how the ratio of local government employment to total area employment applies to seven participating agencies:

CITY	EMPLOYMENT[2)]		% LOCAL TO TOTAL
	All Local Gov't.*	Total Area	
Milpitas	637	8,992	7.0%
Mountain View	1,803	25,582	7.1
Palo Alto	2,430	24,200	10.0
San Jose	15,339	160,336	9.5
Santa Clara	2,793	35,297	7.8
Saratoga	897	9,534	9.3
Sunnyvale	2,519	38,833	6.4

* Includes school districts.

* * *

There are no iron-clad criteria for telling a given agency precisely what constitutes its labor market for a given classification. Such a set of criteria can only be approximated and this only after an adequate sample has been taken of the geographical locations from which the jurisdiction most commonly draws applicants for a particular occupational group. (See Section II, "Study Areas: Second Project Year.") However, as a general rule, the greater the supply of, and the lower the skill requirement for, a given class of labor, the more likely it is that employees can be recruited from the immediate geographical area. Conversely, the shorter the supply and/or the higher the skill requirement, the broader-based will be the agency's labor market.

* * *

1) State of California, Department of Human Resources Development. Summary of Employment and Unemployment, San Jose Metropolitan Ara - Part A; 1966-1971, p. 3.

2) U. S. Department of Labor, Manpower Administration. Summary Manpower Indicators, June 1972, Table 10. (Separate summaries for each city.) These were the only Project cities for which such reports were available.

Once a determination has been made as to what makes up the true labor market for the agency's various occupational groups, then it must be decided how the market is to be sampled in order to obtain adequate data on which to partially base compensation determinations.

B. THE SAMPLE

Guideline: Regardless of what type of compensation is being studied, these factors should be taken into account:

1. The adaptability of the survey's scope to the actual needs of the individual agency and most particularly, to the intended use of the data.

For example, a jurisdiction that applies the concept of total compensation in negotiations should be taking a much harder look at data comparability and accuracy than the agency that merely collects this type of data for informational purposes; or an agency competing within a relatively restricted labor market need not waste its time on "super-surveys".

2. The representativeness of the sample to the actual labor market.

If manufacturing firms constitute 75% of the area's employment and distribution of jobs to be surveyed, roughly 75% of the sample should be devoted to manufacturing rates.

3. The appropriateness of jobs surveyed and comparability of job content irrespective of comparability of population and size of workforce.

Job classes to be surveyed should be those having the most significance to or impact upon the agency. Making such a determination based solely upon historical internal job relationships may not be the answer as such relationships may be outdated or faulty. Numbers of incumbents; the existing labor supply; the relative importance of the function to the organization; and the availability of comparable rates are among four of the most important factors which should influence this type of decision.

4. The accuracy of data.

This must be maintained to the greatest degree possible especially if the information is to be used in "meet and confer". In this instance, no data is far better than faulty or incomplete data.

5. The importance of CONTENT comparisons rather than just dollar comparisons.

For instance, two agencies could be paying different premiums for the identical plan. Yet, without knowledge of plan content, the agency with the lower premium could easily assume it is "lagging" in this area.

Discussion: As of February, 1973, the breakdown of wage and salaried, non-agricultural civilian employment in the County was:

			% of Total
Manufacturing		123,900	30.2%
Durable goods	103,000		(25.1)
Nondurable goods	20,900		(5.1)
Services		83,300	20.3
Trade		82,100	20.0
Government		68,400	16.7
Federal	9,700		(2.4)
State & local	58,700		(14.3)
Construction		18,200	4.4
Transportation, Communication & Utilities		17,700	4.3
Finance, insurance & real estate		16,800	4.1
Mineral extraction		100	.2
3) TOTAL:		410,500	

* * *

These weights can be applied readily to the sample if its sole purpose is to glean a picture of salary increases being given within the community. However, this presumes the surveying agency is currently paying at prevailing levels, which in fact it may not be. This potential distortion almost compels the agency

3) State of California Department of Human Resources Development, San Jose Labor Market Bulletin, February, 1973 (preliminary).

to look at prevailing rates at least for broad occupational groups even if it customarily negotiates on the basis of general trend data rather than those for specific benchmarks.

Therefore, the next step is to obtain a general idea what the distribution of the agency's survey classes or occupational groups is among the significant portions of its labor market. Their porportionate distribution is not likely to change substantially for extended periods of time as it is normally a function of the type of industry, i.e., a higher proportion of clerical positions is needed in the financial sector than in the construction business.

Say a jurisdiction is surveying for professional engineers. At the start, it can safely eliminate the sectors of trade and finance as extremely unlikely sources of rates for this class. In collecting rates from the remaining sectors, the agency should give primary attention to the actual distribution of occupational rates rather than assume that the frequency of such rates in a particular sector is proportionate to that sector's share of the total area work force. To illustrate, manufacturing employees comprise 30% of the civilian work force and transportation, communication and utilities only 4%. To surmise that the rate distribution between the two industry groups for the occupational group is in similar proportions could be grossly inaccurate.

The foregoing discussion is not intended to suggest that the public jurisdiction devote heavy amounts of time at arriving at a definitive breakdown of rates per industry sector for each survey class. Done once, a general breakdown of this type can endure for years and is often already done for the individual agency via data supplementary to such surveys as BASSC.

* * *

Regarding job comparability, the importance of genuine "matches" can not be overstressed. Its significance can have inverse relationship to the size of the sample.

In dealing with a broad-based sample with large numbers of rates, the impact of a bad "match" or two on the surveying agency is normally automatically minimized by sheer weight of numbers.

Working with a narrow base, the impact of such "matches" will be unabated and can have a direct effect on what the survey agency eventually pays.

Comparing strictly on the basis of job titles is faulty as there is no guarantee duties will equate with title. In "matching" job content, these factors should also be considered:

1. Does the job specification reflect what incumbents actually do?

   Determining comparability on the basis of "paper" duties alone can be misleading if not confirmed through discussion with the survey agency.

2. What relevance do minimum requirements have?

   Typically, none. Comparable requirements do not necessarily mean comparable work, and the converse. However, where special certification or the like is required for a comparable job, the surveying agency should note this as the added prerequisite may result in a higher rate.

3. What are the staffing patterns of the class and related classes?

   "Matching" with a class in which no one is employed is fruitless as its rate has in effect on the surveying agency from a competitive standpoint.

   Stagnant or skewed staffing patterns can indicate non-comparability. For example, in a professional hierarchy, the entry-level class has three incumbents and the next higher class has none. This can represent a situation where the "apprentices" have progressed to "journeymen" in every sense but in title and pay, and thus are not performing comparable functions.

The difficulties in making correct "matches" are increased in proportion to the number of jobs surveyed. Agencies which survey all or most of their jobs are not

only increasing problems attendant to job comparability, but also those involving internal differentials. Rates collected in this manner are bound to show different things for different classes in the same occupational group. The agency then must either ignore such differences and pick the "best" figure; average out these differences; or move one class differently than another, thereby disturbing the differential and creating new demands for "specials" for the "injured" class.

Practice: All but one participating agency engages in one form of survey or another. Many will use a variety of samples, some of which are gathered by their own staffs while others are compiled for collective usage.

Observed inconsistencies and inaccuracies, when taken individually, are not of any great consequence; however, when combined into survey samples upon which a number of local jurisdictions depend, the potential consequences can be devastating. This situation is multiplied in significance when inaccurate or incomplete information concerning fringe benefit costs is fed into the survey and used in comparisons for total compensation purposes.

There is no way to eliminate all such errors, but they can be minimized by limiting the number of agency representatives who are authorized and qualified to release this type of information; conducting double-checks of data received against other, independent sources; and confining information requested to as narrow and straight-forward a scope as possible.

To the point of job comparability, at least four participating agencies will use comparability of population and size of workforce as a factor in determining which agencies to include in their survey samples. These are artificial criteria as size alone has no inherent correlation to ability to pay, labor market competition and comparability of job content. If an agency or firm is in the same labor market and has a genuinely comparable class there is no reason it should not be used in the sample even if it is totally non-comparable in size.

Concerning adaptability of the survey to agency needs, there is an emerging trend that warrants discussion here. Wage settlements based on formula and changes in the Consumer's Price Index typically take the form of across-the-board percentage increases either agency-wide or by representation unit. Settlements based on other criteria also tend to be across-the-board percentage increases for all classes or by unit.

This causes one to consider the actual impact that traditional benchmark classes and attendant survey samples have in the determination of wage settlements. Obviously, the "prevailing rate" as sampled by ten benchmarks for 70 other job classifications covering 500 employees cannot easily yield a composite figure which points to the wage increase to be given to all employees. In other words, benchmark classifications are not being used to actually measure and determine the amount of the increase key and related classes are to receive. Instead, they are being applied to assess the trend. The trends reflected by all key classes surveyed determine roughly how much and where the agency is in arrears of its competitors and thus the general boundaries of its settlements in this area.

If this observation is correct, a number of agencies are conducting comprehensive and expensive salary surveys when ample trend data are available for many key classes and occupational groups. Sources of such information are the Bureau of Labor Statistics, the Bay Area Salary Survey Committee and the California State Personnel Board. Among them, and these are only three examples, is represented one very large sample covering both private industry and the public sector.

Granted, this cannot be done to any great degree for some classes unique to government employment (Welfare, Probation, Public Health, etc.) or of a very specialized or uncommon nature (electrical utilities, sewage treatment, etc.). Rates for these occupations have to be sought out by the agency within the competitive labor market for the particular job. However, classes of this type should constitute only a small percentage of the average agency's workforce.

This technique is being recommended for consideration as a alternate method of data collection and application. However, trend data in the form of increases alone can be deceiving unless the agency also takes into account how its prevailing rates of pay compare with those in the trend sample. If the agency's rates are already higher than prevailing rates, then trends concerning increases must be treated accordingly.

C. FRINGE BENEFIT STRUCTURE

Guideline: Fringe benefits can be allocated to three basic categories in accordance with the type of cost involved and the extent to which the respective benefit is applicable to the agency workforce. These categories are:

1. Direct (Dollar Measurement)

Benefits that entail a virtually automatic and predictable cash outlay above salary to all agency employees or specified occupational groups.

Costs may be in terms of absolute dollar amounts that do not vary with income (medical plan premiums); or a percentage which will produce cost variances in accordance with salary levels (retirement contributions).

Examples are:

Group Insurance Plans	"In Lieu of" Holiday Pay
Retirement Plans	Uniform Allowance
Social Security	Tool Allowance

2. Direct-Contingency (Content Analysis)

Benefits with potential cash outlays above salaries which are applicable only to a specified group of employees and/or which depend on certain conditions being met for eligibility.

Costs for a given period are extremely difficult to forecast as they are controlled by usage and experience.

Examples are:

Overtime	Call In/Call Back Pay
Holiday Pay (other than "in lieu of")	Sick Leave Pay-Out
Shift Differential	Career Incentive Pay
Stand-by Pay	Longevity Pay
	Uniform Allowance (one-time payments only)

3. Indirect (Content Analysis)

Benefits applicable to virtually all agency employees, the costs of which are included in base salary and where no other direct cost is incurred by the agency unless extra help is employed.

Examples are:

Vacations	Relief Periods
Sick Leave	Holidays (except "in lieu of")

Each of the foregoing fringe benefit categories has been designated as either "dollar measurement" or "content analysis". This allocation was made on the basis of whether or not the particular type of compensation lends itself to cost comparisons. The rationale for these designations is to follow in the "Discussion" section of this Guideline.

No matter how the benefit structure is categorized, it is staggering in both quantity and complexity if all components are surveyed simultaneously and converted to figures that purport to represent cost comparisons among agencies. A survey encompassing all such benefits is unnecessary more often than not, especially on an annual basis. Tables III and V were designed to reflect patterns over the past six years in both the structure and cost of a variety of fringe benefits given by the participating agencies as well as samples of other public jurisdictions and private firms where data were available. Benefits showing the most significant movements are listed below. Therefore, these should be considered as "primary" in terms of the emphasis given them in sampling.

Medical and Dental Plans	Sick Leave Pay-Out
Retirement Plans	Career Incentive Pay
"In Lieu Of" Holiday Pay	Paid Vacation (principally eligibility requirement for fourth week)
Sick Leave (primarily accumulation limits)	

Discussion: The elimination of the majority of customary fringe benefits from costing for comparison purposes is made on the premises that:

1. Benefits of a direct but contingent nature defy comparative cost analysis as costs will vary with circumstance and experience. The fact Agency A spends more than Agency B on sick leave pay-out does not mean that Agency A is therefore "ahead" in that category or has a "better" plan. A high-seniority

workforce may be causing a heavier pay-out by Agency A when in fact Agency B has the more liberal plan. (This is particularly significant among the participating agencies inasmuch as there are some which have not been incorporated long enough to have any or many employees with sufficient seniority to utilize this benefit. Yet, their plans may be equally as good as those of older jurisdictions which already have had substantial pay-outs.)

Interagency comparisons of this form of benefit must be predicated solely on the provisions of such plans.

2. Benefits entailing indirect costs exclusively are "paid for" in base salary. Attaching a dollar amount in excess of base salary to any one of them is inaccurate. The agency is not paying any additional dollars and cannot equate loss of productivity, where no replacements are hired, to dollars expended for the respective benefit over and above base salary.

In addition to injecting an artificial cost into the comparative compensation structure, this approach has a further disadvantage of being controlled by the amount of base salary. The larger the base salary, the larger will be the "cost" of the indirect benefit, thus compounding the impact of the salary. This will make the higher-paying agency look better in terms of both pay and vacation than a lower-paying jurisdiction even though the vacation plans of the two may be identical.

Again, this type of benefit is best compared by means of content analysis.

3. Workman's Compensation has been left out of the fringe benefit array altogether. The level of benefits is fixed by law; all agencies must provide coverage; and thus related expenses are in no way a measure of comparative value or cost. In fact, the agency showing the least cost for this benefit as a result of greater efficiency and better safety practices (or luck) will be

penalized most by being shown as "low" in this area and in aggregate compensation dollars. This benefit is not subject to change by either or both parties so why consider it when inclusion can only distort the negotiable compensation package.

This Guideline is addressed solely to costing for purposes of comparison. Internal costing of union demands, management proposals and final settlements are totally outside the scope of this section and will be discussed in Guideline II C.

GUIDELINE II COMPENSATION DETERMINATION: THE PROCESS

The policies developed and the data collected can be combined for use as a tool in the process of compensation determination. This process will be covered in the Guidelines to follow.

A. POLICY

Guideline: Once the pressure of negotiations begins, it is a bit too late for the agency to contemplate basic policy matters. Even with established policy, such pressures can push management off its position; without established policy, there is little chance for the agency to act from an established position. It will then have to be content to react and to put out fires. Therefore, it is recommended that:

1. A determination be made concerning the competitive position the agency wants to hold in the community. (This policy should be reviewed prior to each negotiations in order to reflect such overriding considerations as changes in labor market conditions and the agency's financial condition).

Practice: Agency practice in this regard has been covered in Guideline IA. To quickly summarize, most formal policies are flexible in relation to competitive position and the composition of the labor market. However, administrative policy and practice have served to constrict the labor market and define competitive position as the average, or higher, of this narrow sample.

As a result, they are predisposed to a certain type of settlement before negotiations ever begin.

Discussion: This Guideline is keyed to one basic policy determination. Decisions made down the line should bear some relationship to the policy. Even though the competitive position the agency wants to be in is not necessarily the one it is going to end up with, this type of decision based on all available information still lays the foundation for management's negotiating goals and strategy.

B. DEFINITION OF LIMITS/GOALS

Guidelines: Prior to the commencement of negotiations, agency management is well advised to make certain assessments and develop some basic strategy concerning its basic bargaining positions. As is the case with agency policy on competitive position, this type of decision is hard to come by once "meet and confer" begins. Management positions in the areas to be cited below are subject to change once serious negotiations commence, but if made realistically at the outset should not be readily compromised.

1. A determination must be made how much management is willing to pay to obtain a settlement and, conversely, if it is willing to reach impasse should union demands ultimately threaten to breach this ceiling.

This limit should take into account both what the jurisdiction can actually afford to pay and what it is willing to pay without risking setting precedent or precipitating a "runaway" agreement. Ideally, it should be defined by dollars and by significant types of compensation, i.e. $100,000 vs. $200,000; a non-contributory medical plan vs. a contributory medical plan. The formulation of this position prior to the receipt of union demands is advocated inasmuch as these demands will not alter the fact that X amount of dollars is available for salaries and benefits or that the agency does not want to be the first to establish benefit Y.

2. On the basis of the labor market information already collected, a determination should be made relative to the individual compensation areas in which the agency is "low" and in which it is "high".

This finding serves the dual purpose of anticipating the areas in which the union demands might be weighted and, more importantly, give management a good idea of the areas in which compensation increases are most appropriate and justifiable.

In connection with this, the agency should start thinking in terms of negotiation options that can be used as part of management's offers and counter-proposals. By this means, management will be afforded a broader negotiating base rather than be locked into "give and take" on merely salaries and a few selected fringe benefits.

Concentration of negotiations within a very narrow scope will obviously result in settlement dollars being concentrated in these areas, which in itself will establish a pattern that can easily lead to the "whipsawing" of other major competitors in the labor market.

Example: Negotiating from this narrow base, Agency A "loads" its settlement toward increased employer contributions to health and welfare; Agency B, a major competitor, which also negotiates from a narrow base, is soon confronted with pressures for like treatment. As long as either A or B continue to operate in this fashion, their options will invariably be reduced to two: accede or risk disruptive confrontation. (This does NOT infer NEW, compensation areas unrelated to the present benefit structure should be opened just to develop negotiating options.)

3. Determination of the Agreement Term Desired.

Particularly with the trend toward multi-year settlements (See "Practice" below), it is imperative that the agency choose at this time whether a one-year or long-term agreement is to be sought. The price for buying "labor peace" for a longer period of time can be higher. Thus the jurisdiction desiring such an agreement will have to weigh the anticipated cost against the considerations of ability to pay and precedent-setting potential as described in Guideline 1 above. As a result, a cost-of-settlement ceiling may have to be set for each of a number of time periods, say, one, two, and three years.

There is no formula to tell an agency how much is "too much" to pay for a longer period of labor stability. The aggregate cost of such a settlement to the given agency is obviously a major concern. A concern of lesser significance to the individual agency but of great concern to its competitors is the potential "whipsaw" in the multi-year settlement. The referenced potential for "whipsaw" is established by sometimes unrealistically agreeing to a significant increase in a given area of compensation largely because the cost of such a movement is deferred to a later date and can be budgeted for accordingly. Thus the pressure is off the negotiating agency, but is often thrust directly upon that of another agency which has the misfortune of going into its

negotiations during the term of the first agency's settlement. This same situation can exist even if all jurisdictions were on one-year agreements. However, economics and psychology will tend to make it more prevalent in the multi-year pact, largely due to cost deferment advantages and the absence of immediate and direct pressure from neighboring agencies against a certain contemplated move. If you are not negotiating at the same time as another agency, your interest in and access to what it is doing is lessened -- generally until it is too late.

As part of its decision to enter into a multi-year versus a one-year agreement, the jurisdiction should weigh the need for buying labor stability if no instability presently exists between the parties. If the price tag for a long-term settlement begins to loom large, it is time to consider what is being bought where job action and other forms of strife have been rare or non-existent.

4. A determination of whether or not an agency's agreement terms should coincide with those of its major competitors.

An overriding factor to the individual agency is which termination date gives it the greatest relief from pressures by its employee groups to grant a concession already given by a major competitor. In the context of splintered unions, which do not have representation units in a significant number of competing agencies, coincident expiration dates will not automatically trigger concentrated "me too" demands, as a uniform negotiating position is lacking. However, staggered termination dates under these same circumstances can easily create pressures by unrelated unions for equal treatment. This is bound to occur if only due to the fact the terms of an earlier settlement by one agency have had time to be picked up by the employee groups of the second agency. There is an enormous difference in negotiating over an increase that has been given and one that may be given.

Practice: Ten of the fourteen participating agencies which have formal negotiating relationships (written memoranda, offical recognition and employee relations ordinances) are under multi-year agreements with at least one of their employee organizations; eight are under them for all units. All except two are on fiscal year termination dates. This is in contrast to fiscal year 1969-70, the first full year under Meyers-

Milias-Brown, when only one had a long-term agreement and this was of two-year duration. Eight agencies will be in negotiations for the coming fiscal year and it is these jurisdictions which will be faced with the provisions negotiated by other long-termers sitting this year out. The degree to which this threat becomes a reality cannot be known at this time and will be studied during the Project's second year. However, because of the "interlocking" relationship among the participating agencies, it is almost a certainty some of those now negotiating will be drawn into the prevailing compensation pattern.

On the matter of the number of compensation areas customarily subject to negotiation, settlements among the participating agencies for the past four to five years have been primarily keyed to salaries, medical and dental plans and, to a lesser degree, retirement programs. This does not mean other significant movements have not occurred regarding other benefits. (These are reflected in the fringe benefit patterns in Table III and V). However, the aforementioned areas of compensations have appeared most consistently in the memoranda of the participating agencies and represent the bulk of settlement costs. This negotiating base is a narrow one and the problem is accentuated because of the decided tendency of the agencies to compare with one another, which can serve to promote area-wide escalation of salary and benefit levels.

Discussion: The crux of this finding is to encourage agencies to think beyond just those issues raised by the union in negotiations and thus allow them greater latitude for both rebuttal and counter-offer purposes. For example, a demand to increase medical plan contributions can be answered in terms of expanding the life insurance program; a hefty wage demand need not be met in kind, but can be countered by an offer to put so much in wages and so much in one or more fringe benefits. As evidenced by prior discussions concerning the types of fringe benefits, there is a vast array that already exist; that are negotiable; and that afford management a fair and reasonable means of minimizing escalation of interagency import.

C. COSTING

Guideline: Costing of the compensation package prior to receipt of union demands will establish the jurisdiction's cost base. It should be done again once the employees' demands are known; be redone several times during the course of negotiations as the party's position change; and once more when the final settlement is reached. Table VI represents one means for accomplishing this and incorporates a number of these guidelines:

1. Include all costs cited in Guideline I.C as well as Workmen's Compensation.

2. Costing on the basis of straight-time productive hours in order to tie costs to actual work units and to more accurately reflect costs of indirect benefits.

3. Costing all salary-related benefits in accordance with the amount of the wage increase which will generally cause a directly proportionate increase in such costs even if benefit levels are unchanged.

4. Reduce productive hours and increase indirect benefit costs to account for lost time from the stipulated work period resulting from normal attainment of higher vacation levels and from negotiated changes to indirect benefit levels.

5. Based on actual current experience, project costs of liberalizing salary-related benefits such as overtime and sick leave pay-out. This would include both the costs attributable to wage increases from "3" above and to the anticipated liberalization of the benefit.

6. Costs attendant to multi-year agreements should be pyramided so that the cost of the first year becomes the base for costing the second year, and so on. In stating the aggregate cost of such settlements in percentages or cents per hour, the original base year must be used.

Discussion: The compensation package starts with a simple base -- straight-time salary to which all benefits relate.

For a casual, hourly-paid employee who receives no benefits in any form, wages are the compensation package. Any benefit provided would therefore have to be treated as an incremental cost to and of base pay.

When a variety of employment benefits are offered, their cost still must relate back to a base -- base salary.

In most cases in the public sector, regular full-time employees are paid a flat salary per given time period for a regularly scheduled, straight-time work period. The most common weekly period is forty hours.

This base salary typically includes vacation, holidays, sick leave and relief periods as pay for time not worked. The employer is thus paying for fifty-two, forty-hour weeks, but is generally receiving only 1700 - 1800 hours of productivity.

Without such benefits, the employee would work 2,080 hours and be paid for 2,080 hours. With them, hours worked are reduced and consequently the rate of pay per hour worked is increased even though annual, monthly or bi-weekly salary remains constant.

Although these benefits do not result in payments to the employee in addition to base salary, they still represent a cost to the employer through lost productivity. This point is brought home when base salary is first divided by 2,080 (hours paid) and then by actual hours worked. The difference in hours represents lost time; the difference in hourly rates represents the cost above what would be paid per hour of work without compensated time off.

The guidelines emphasize productive hours because:

1. They are the unit from which all services are performed, revenues generated and employment costs incurred. Nothing happens on "deadtime" and despite the

fact most government functions are not revenue-producing, a decline in the level of service results in a lower rate of return from the tax dollar. (This assumes proper staffing).

2. Their use as the base or common denominator can facilitate costing. As reflected in the computations to follow, the costs of or increases to indirect benefits are determined automatically with the computation of salary costs and increases.

Costs derived in this manner do not have to be broken down for each indirect benefit for each costing unless there are shifts in benefit levels for all of them.

Also, this method still permits costing in terms of percentages and dollars, and is adaptable to pricing demands/settlements whether they be in dollars, percentages or cents per hour.

The attached table treats gross payroll, gross hours and productive hours in terms of the regularly scheduled straight-time work period. This method excludes all forms of premium payments, even those at straight-time pay.

This was done as virtually all benefits, in one way or another, are conceived to supplement base pay. When costed, they should reflect this fact and not a relationship to the base work period plus, say, overtime or holiday pay. True, overtime hours are productive hours, but they are penalties for working in excess of regularly scheduled hours. Therefore, their costs as a percentage of base pay are understated if included in gross payroll figures. Moreover, premium payments for such benefits as call-back and standby often include hours not worked which must either be pulled out of productive hours or distort them.

TABLE VI

COSTING PROCEDURE

KEY

Symbol	Cost Source	Value
GP	Current gross ST payroll excluding all premium payments	$500,000
GP'	Adjusted for changes in salary levels (5%)	525,000
SR	Current salary-related benefits	89,000
SR'	Cost of increases in levels of salary-related benefits	4,000
NSR'	Cost of increases in levels of benefits not related to salary	5,000
IB	Reduction in productive hours via projected changes in seniority levels for vacation purposes and changes in benefit levels	200 Hours
TC	Total cost of demands/increases	$38,650

* * *

1) Where Salary Increase in Percentages:

A) TOTAL COST OF INCREASES

$$\frac{GP + SR + SR' \times \% \text{ salary increase} + NSR' + SR'}{\text{*Current Productive Hours} - IB} = \frac{TC}{\text{Adjusted Prod. Hours}} = \text{CENTS/HOUR INCREASE}$$

AND

$$\frac{TC}{GP} = \text{PERCENT INCREASE}$$

OR

$$\frac{\$500{,}000 + \$89{,}000 + \$4{,}000 \times 5\% + \$5{,}000 + \$4{,}000}{100{,}000 \text{ hours} - 200 \text{ hours}} = \frac{\$38{,}650}{99{,}800} = 38.7¢/\text{Hour INCREASE}$$

AND

$$\frac{\$38{,}650}{\$500{,}000} = 7.7\% \text{ INCREASE}$$

* ST hours worked during regularly scheduled work period.

B) COST OF COMPONENT INCREASES

Example: Salary-related benefits levels**

$$\frac{SR'}{\text{Adjusted Prod. Hours}} \quad \text{or} \quad \frac{\$4,000}{99,800 \text{ Hours}} = 4.0¢/\text{Hour INCREASE}$$

AND

$$\frac{\$4,000}{\$500,000} = .8\% \text{ INCREASE}$$

**(Automatic increases to current and increased costs of salary-related benefits due to salary increases only should be allocated to cost of salary package.)

C) TOTAL COST OF INDIRECT BENEFITS INCLUDING INCREASE

(Included in salary, but broken down here as part of costing procedure)

$$\frac{GP'}{\text{ST hours worked}} - \frac{GP'}{\text{ST hours paid ***}}$$

OR

$$\frac{\$525,000}{99,800} - \frac{\$525,000}{119,600} = \$5.26 - \$4.39 = 87¢/\text{HOUR}$$

The base period costing, using $500,000 and 100,000 productive hours, was: 82¢/Hour

Increase in indirect benefit costs: 5¢/Hour

***(Includes indirect benefit hours, but no premium time.)

2) Where Salary Increase in Dollars:

Convert total dollar cost of increase to percentage of GP and apply same procedure as in "1") above.

3) Where Salary Increase in Cents Per Hour:

$$\frac{\text{ST Hrs. Paid} \times ¢/\text{Hr. Inc} + \overset{\text{Cost}}{GP} \times SR + NSR' + SR'}{\text{Current productive hours} - IB}$$

OR

$$\frac{119,600 \text{ hrs.} \times 1¢/\text{Hr} + \overset{\$1,196}{\$500,000} \times \$89,000 + \$5,000 + \$4,000}{100,000 - 200}$$

OR

$$\$1,196 + \$214 + \$5,000 + \$4,000 = \frac{\$10,410}{99,800} = \underline{\underline{10.4¢/Hr \text{ INCREASE}}}$$

AND

$$\frac{\$10,410}{\$500,000} = \underline{\underline{2.1\% \text{ INCREASE}}}$$

* * *

Notes: 1. In "1)" above, changes in salary-related benefits appear to be double-costed. Such changes are subject to both the cost impact of the salary increase and the incremental cost of liberalization, and were costed in the foregoing manner for that reason.

2. Regarding "1)C.", the total cost figure can be apportioned among the respective benefits as follows:

$$\frac{\text{Total Non-Productive Hours}}{\text{Actual Individual Benefit Hours}} \qquad \frac{\text{Total Indirect Benefit Cost}}{\text{Individual Benefit Cost}}$$

OR

$$\frac{19,600}{3,588} : \frac{87¢/Hr.}{\text{Vacation Cost}} = \underline{16.0¢/Hr.}$$

3. The total compensation package can be expressed in hourly terms by slightly modifying the formula in "1) a." to:

a) Base Period

$$\frac{GP + SR + NSR}{\text{Productive Hours}} = \text{Total Cost/Hour}$$

b) After Increases

$$\frac{GP' + SR + SR' + NSR + NSR'}{\text{Adjusted Productive Hours}} = \text{Total Cost/Hour}$$

D. APPLICATION OF DATA TO NEGOTIATIONS

Guidelines: The agency's "moment of truth" comes when it sits down to negotiate and finds that all its carefully prepared policy, data and strategy have not impressed the union as much as they have management. There still exists a middle ground between employer position and employee position. Such differences are natural, but the resulting efforts to reconcile them often force decisions which are inconsistent and impractical; also, sometimes very expensive. The following guidelines are addressed to some of these:

1. Agreements based upon formula should be avoided wherever possible.

"Formula", within the context of local agency practice means a joint agreement to adopt automatically the rate of pay prevailing among certain specified neighboring public agencies. (This does not include immediate or deferred wage increases based upon movements in the Consumer Price Index).

Practice: Five participating agencies have adopted this approach for at least one of their bargaining units as part of the written understanding between the parties. Usually only five to seven neighboring jurisdictions' pay rates constitute the "prevailing rate" on which the formula is based. (One agency, however, does include as many as twenty-three other public agencies in its formula). Without exception, these "pattern" agreements have stemmed from pre-existing, unilateral agency survey practice and merely represent formal and joint reaffirmation of them.

Discussion: The disadvantages to this type of agreement are:

a. It invariably does not represent the agency's real labor market due to the very small number of samples used in determining the rate.

b. It perpetuates and formally condones the "interlocking" agency survey structure previously mentioned in the Guidelines.

c. It locks both parties into a pattern with which neither may be able to live. Operating under these circumstances, only one agency in the sample

has to give a big increase, or no increase, to totally distort the prevailing rate and compel one party or the other to suffer -- needlessly. Even worse, some or all, depending on the respective formula, of the five agencies engaging in this practice are included in each of the other's formula. Therefore, once the distortion begins it will be carried and compounded from one agency to the next. It may be argued that what can be negotiated in can be negotiated out if the situation becomes unbearable. This is easier said than done since both parties must agree to it and the one being favored by the formula is not very likely to want to relinquish it.

d. The parties are being controlled by others whom they can not in turn control.

2. Varying agency contribution rates to the same health and welfare plan and the adoption of different health and welfare plans for different representation units should be avoided.

Practice and Discussion: Six of the sixteen participating agencies pay varying contribution rates to different representation units for the same medical plan coverage. One of these agencies has agreements with several of its units providing coverage under different medical and dental plans.

"Sameness" is not necessarily the desired end of joint negotiations and it is understandable that one unit of a particular agency may lack the interest or clout in this area that another unit of the same agency may possess. As a result, one may negotiate a $25.00 per month employer contribution while the other garners a $50.00 per month employer contribution. However, the hazards of varying agency contribution rates for this particular benefit are:

a. They create a potential for internal "whipsawing". Medical plans by themselves constitute the second largest (retirement #1) cost item in the average agency's fringe benefit package and the trend toward rising agency

costs through increased contributions shows no sign of relenting. As such, disparities among contribution rates for different groups of employees offer a large and tempting target for "me too" demands.

b. They constitute a not-so-hidden administrative cost in that for each group of employees to which the agency is committed for a different contribution rate, a different set of internal controls and procedures must be established whether by payroll deduction or by some other means.

c. Most importantly, they create an atmosphere conducive to taking the next step in providing medical coverage--negotiating different plans for different units. Consider these circumstances: 1) a group of agencies has a long-established practice of comparing compensation data with one another; 2), one agency of this group has already set the precedent of different plans for different representation units; and, 3) seven of these agencies currently approximate or give non-contributory family coverage for at least one of its employee groups.[4)]

Given this, it is more than thinly conceivable that once a jurisdiction reaches a plateau of providing fully non-contributory medical plans, it only has one place to go--and that is up! "Up" means expanded benefits within the framework of an existing plan or expanded benefits through a different plan. In the case of most carriers, the rate obtainable by a given agency is heavily influenced by the size of the group to be insured. If an agency splinters this population by putting some employees under one plan and others under a second, the agency's buying and bargaining power with the carrier is considerably reduced. It is tough enough for smaller jurisdictions to obtain "good" rates, but at least they have no control over the size of their work force. However, if a larger jurisdiction with a work force of several hundred or several thousand divides its insurable group in this manner, it is

4) "Approximates" = 90% or more agency contribution to family premium.

just throwing money away. To boot, it still has not gained any relief from the internal "whipsaw" it has created for itself.

This situation worsens when an agency agrees to "tag-along" under a health and welfare plan negotiated by a union with employees in private industry. Here the agency is not party to the master agreement; it exerts no control whatsoever over administration, benefits and costs; and thus it must live with whatever the construction industry, the canning industry, or some other industry is content to live with. Also, this arrangement further isolates the actual insurance carrier from the public agency. True, even with regular carriers such as CPS, Kaiser, or Blue Cross the individual agency can be subjected to periodic rate increases over which it can exert little or no control. At least, however, a larger agency or a pool of smaller agencies can exercise some degree of rate control; and any agency still has some latitude in changing a particular plan should the carrier institute major benefit improvements in the existing coverage. Neither option is available under the average union plan.

Different benefits for different representation units are not "bad" BUT the area of health and welfare, particularly medical and dental, is the last area where such differences should be allowed to exist. This game is complex and tricky and requires hard analysis before any moves in this direction should be made.

3. Semi-annual pay adjustments should be minimized wherever possible.

Practice and Discussion: Several of the participating agencies grant two salary increases annually for one or more of their representation units. These agreements normally take the form of a negotiated increase in July and a movement in January based upon increases in the Consumer Price Index for a specified period. One jurisdiction moves twice within a two-month period for one of its representation units.

The rationale behind such moves eludes explanation--other than being a consequence of pure power bargaining which to date has not been the pattern among the Project agencies. The customary reasons offered for this practice are it keeps pay levels current with rising costs and prevailing rates in the community or it serves to spread the cost of the initial negotiated settlement. The latter makes sense from a practical viewpoint; the former is dangerous as it establishes the concept that pay rates must be kept as current as possible during a given twelve-month period. Once started, it follows that sooner or later the issue of "how current is current" must be joined. Why not quarterly? Why not move every time a neighboring agency moves?

Through the discussion in Guidelines I A and the data contained in Table V concerning community wage patterns, it is apparent that dollar-wise the participating agencies are generally paying at least the "prevailing rate" as may be dictated by their charters, rules or policies. Since these "prevailing rate" requirements exist at the time of the negotiations, and if the agency meets these obligations through the terms of its settlements, then what other wage movements after the initial settlement are justified? As a result of these periodic adjustments, it appears that some of the agencies have expanded the "prevailing rate" concept to include actual or anticipated changes in that rate during the agreement year.

This Guideline is <u>not</u> addressed to those practices involving <u>annual</u> adjustments based on a cost-of-living formula either at the termination of a one-year settlement or during a multi-year agreement.

4. <u>The use of a total compensation in negotiations has severe limitations and should be restricted accordingly</u>.

<u>Practice and Discussion</u>: Total compensation can be generally defined as the sum of all appropriate components of an agency's compensation package.

At least fifty percent of the participating agencies apply this concept in these three basic ways:

a. Merely for informational purposes.

b. As a tool in "meet and confer" where the information is used to highlight an agency's strength in one benefit area to offset a weakness or lag in another.

c. As the basis for negotiations where the outcome of the settlement is either heavily or totally controlled by the data.

Those practices related to "c" will be discussed here as they have the greatest impact on settlement terms. Five agencies are presently engaged this practice and two more are considering adopting it.

Precisely how total compensation data is applied by any one of these agencies is of no particular concern. What is of great significance is the comparative data base used.

Unless the agency is negotiating solely on the strength of its own costs, comparative interagency data will lay the foundation for determining how the negotiating agency ranks.

The potential pitfalls of using comparative data for this purpose are listed below. Some have already been cited in Guideline I C, (Fringe Benefit Structure), but will be repeated here where appropriate.

a. It requires accurate and reliable data. If this is lacking, there is no point in pursuing the point any further.

b. It is time-consuming and expensive in both the data collection and conversion stages.

c. It promotes and forces comparability where it may not exist. A jurisdiction paying the higher salaries will automatically have the cost of all

wage-related benefits increased proportionately. These, in turn, will carry over to the total compensation figure and show considerable cost differences where no difference in benefit provisions exists.

d. Often agency-wide costs are taken as percentages of agency payroll and then applied to a classification's base salary in order to derive the value of the respective fringe benefit. This method will not produce the actual cost of the benefits in relation to the classification to which it is being paid except where a single percentage rate is applicable to all employees. Where this type of costing is done, the result will be to understate or overstate the benefit cost depending upon salary level. To illustrate:

Situation: Agency pays $25.00/month/employee toward medical plan premium

	Class Y	Class Z
Salary/Month:	$600	$1,200
Actual Benefit Cost/Month	25	25
Cost as % of Salary	4.2%	2.1%

Using gross cost method with $70,000 gross payroll and 100 employees:

	Class Y	Class Z
Gross Benefit Cost $2,500)		
Gross Payroll ($70,000)		
Cost as % of Payroll:	3.6%	3.6%
	or	or
	21.60	42.20

* * *

This discrepancy can be particularly significant if comparisons are made and/or total compensation is negotiated on the basis of bench mark classes. The same

type of discrepancy will emerge when gross costs are <u>averaged</u> over the entire work force and applied as dollar amounts to specific classes.

e. Emphasis on quantitative methods of determination can serve to exclude other significant, sometimes overriding, considerations that do not happen to be adaptable to dollar measurements.

f. The potential "whipsaw" created when part or all of the negotiated dollar settlement is left to the individual representation unit to divide among salaries and various benefits.

This is not an inherent flaw in negotiating on the basis of total compensation, but it is the practice of at least two Project agencies. Apart from its "whipsaw" implications, this practice amounts to unilateral determination of benefit levels where the party making the determination is not the party paying for it! Last, a unit's decision is to put five thousand dollars into sweetening a particular benefit can cost the agency more than that five thousand dollars if the benefit chosen is one which has the "multiplier effect" mentioned earlier in Guideline II C 3. (COSTING).

g. The scope of, and time entailed in compiling, total compensation data can militate against the agency using a survey design which properly samples its true labor market. The collection of such data by a jurisdiction that confines its sample to a few neighboring public agencies is relatively feasible. This task, however, can reach enormous proportions in a broad-based sample and can be further complicated by the lack of comparable data and/or benefits.

Management's use of its total compensation package in negotiations is <u>a</u> very appropriate <u>tool</u>. When, however, the package is treated strictly in quantitative terms and dictates the outcome of the settlements, inherent deficiencies are encountered. These should be critically weighed against anticipated gains before the jurisdiction commits itself to extensive application of this concept.

PROJECT GUIDELINES

TABLE VII

TOTAL COMPENSATION ANALYSIS 1)

CLASS: BUILDING INSPECTOR

a) Agency	b) Salary	c) Group Insurance					d) Retirement 2)		e) Ind. Benefits 3)			f) Total	g) Rank
		Med.	Dent.	Life	Inc.Prot.	Surv.Bfts.	Plan.	Soc.Sec.	Vac.	Hol.	S.L.		
A	$1,283	$35	$10	$4	$18	-	$97	$39	$74	$54	$59	$1,673	1
B	1,290	25	10	1	-	-	93	39	75	54	59	1,646	2
C	1,197	42	(4)	(4)	-	-	93	39	69	50	55	1,545	3
D	1,184	47	6	7	-	-	106	-	69	50	54	1,523	4
E	1,166	30	-	2	-	-	95	39	68	49	54	1,503	5
F	1,163	21	9	12	9	9	89	-	67	49	54	1,482	6
G	1,079	13	-	1	-	-	95	39	63	45	50	1,385	7

1) Based on actual salaries (top step) and direct benefits prevailing as of July-August, 1972. Costs rounded to nearest dollar.

2. "Plan" identical for all seven agencies. Social security contribution rate is for 1972 calendar year.

3. Assumed as identical: Vacation - 15 days or 5.8% of base salary; Holidays - 11 or 4.2%; and Sick Leave - 12 days or 4.6%.

4) Included in medical contribution.

TABLE VII- TOTAL COMPENSATION ANALYSIS

SALARY AND COMPENSATION STANDINGS

COMPARED TO HIGHEST AGENCY

Rank	Agency	Salary/Differential	Compensation/Differential
#1	A	$1,283	$1,673
2	B	1,290/ + .6%	1,646/ - 1.6%
3	C	1,197/ - 7.0	1,545/ - 8.3
4	D	1,184/ - 8.4	1,523/ - 9.9
5	E	1,166/ - 10.0	1,503/ - 11.3
6	F	1,163/ - 10.3	1,482/ - 12.9
7	G	1,079/ - 19.0	1,385/ - 20.8

* * *

Analysis:

Aside from the two highest ranking agencies, the respective jurisdiction's relative standing was not altered by the application of fringe benefit costs to salary. The city that was fifth in salary was likewise fifth in total compensation.

However, their percentage lag behind the top agency was widened as a result.

In short, the only agency to "benefit" from this quantative comparison was the second highest paying agency, which was just .5% from the top to begin with. If benefits prevailing as of this date had been used, this jurisdiction would have retained its #2 position due to having dropped Social Security on March 31 and been .4 lower than the jurisdiction presently in the second spot.

* * *

Further analysis will be in the form of questions addressed to some of the issues raised in the preceding Guidelines and will be based on the data in Table VII.

1. Column C) - Group Insurance

a. How do we know the medical plan of Agency F is not superior to Agency A's, in which case the differential between the two contribution rates is distorted to the disadvantage of Agency F.

b. Are the $10 contributions to Agency A's and Agency B's dental plans buying the same coverage? One could be a self-insured plan covering dependents only as funds are available and excluding orthodontia from coverage.

c. Is Agency F providing three times the life insurance coverage for $12 a month that A is for $4?

2. Column D) - Retirement

a. If Agency F is only 1% lower in salary than Agency D, then why are its retirement contributions 19% less than D's for the identical plan? Since this stems from individual agency contribution rates based on respective employee mix and is beyond the agency's control, why should F be penalized?

3. Column E) - Indirect Benefits

a. If Agency G provides the same vacation, holiday and sick leave benefits as Agency B, why the margin of $30 between the two regarding indirect benefit costs? Does this mean the holiday given the Agency B employee is worth more than the same day given the Agency G worker?

b. Does Agency E actually pay out $171 per month to its Building Inspectors for indirect benefits as a supplement to their base pay?

4. General

a. Where and how does the total compensation dollar account for an agency's:

Promotional opportunities	Bargaining strength
Bonus program	Financial condition
Tuition reimbursement plan	Work environment especially as concerns hazardous occupations such as public safety
"Unofficial" holidays	
Sick leave pay-out plan	

b. What position is the lower-paying agency placed in when included in the total compensation structure of a higher-paying agency when it works to make the high higher and the low lower?

E. CLASSIFICATION PLANS AND REPRESENTATION UNITS

Guidelines: Both of the above can have a decided impact on joint negotiations.

Recommended Guidelines in these areas are:

1. The job classification plan should have as few individual classes as possible in keeping with the agency's actual functional needs.

The greater the number of classes, the wider the scope of negotiations and thus the increased potential for distorted internal alignments.

Practice: Although there was insufficient time in the first Project year to intensively analyze the classification plans of each participating agency, it was apparent that there is the customary proliferation of classes created more to accommodate individuals than to meet the functional needs of the jurisdiction. Insignificant or minor differences among job classes and the high ratio of classes to employees are symptomatic of this situation as it prevails in some agencies.

Discussion: The classification plan as such has thus far not been a subject of joint negotiations except in rare instances. Therefore, employee groups have had relatively little hand in the referenced pyramiding of job classifications. The structure of the plans themselves, being pretty much isolated within this context, can easily be overlooked in terms of their direct bearing on "meet and confer", i.e., they comprise the nucleus of who is (what classes are) to be bargained for.

If this foundation includes superfluous classes, it not only needlessly expands the number of supposedly distinct and separate jobs, but it proportionately increases potential demands for special adjustments; it makes survey comparisons increasingly more difficult; and increases the risk of disturbing internal alignments within occupational groups. The last factor, difficult enough to control without pyramiding of classes, can trigger an endless cycle. For example: a class breaks existing internal alignment by being given a special adjustment. In turn, the alignment between that class and that traditionally above it is narrowed, thereby affording the higher class a possibly valid claim for restoration of the traditional differential. The perennial problem, incidentally, is further compounded when an agency moves a particular, well-

defined occupational group, such as police or fire, on the basis of more than one classification in that family.

Any one of the foregoing consequences can occur even with a tightly controlled, representative classification plan. Their odds of occurring are simply increased under a loosely controlled unrepresentative plan.

2. The number of representation units should be kept to a minimum unless bonafide differences among occupational groups dictate "splintering"; the scopes of such representation units must be defined and preserved through unit maintenance procedures.

Practice: Fourteen of the sixteen participating agencies have "recognized" employee organizations for purposes of "meet and confer" and have at least one representation unit.

As will be noted in Table I regarding the number of employee organizations and the occupational groups represented by them, the most common number of recognized organizations is three, usually representing police, fire and miscellaneous employees. The three notable exceptions to this are found in the first, second, and fourth largest agencies in terms of total work force. Respectively, these jurisdictions have nineteen, eighteen and six units. (The third agency is presently undergoing unit determination proceedings which may alter the number of representation units).

Although splintering of units has not run rampant in the past four years, there are a number of emerging patterns and philosophies that bear comment here. These are:

a. The creation of "management" units confined to a specific function or department such as fire, public works, etc.

The appropriateness of such a unit is highly questionable due to its narrow scope, which in effect says the community of interest for one group of managers is different than that of agency management as a whole. The establishment of this type of unit also creates the potential for two or more different management compensation programs. In short, if the agency-wide management group is not concerned with establishing a unit, no unit should be established.

(The above does not apply to "professional employees" and "peace officers" as defined by Sections 3507.3 and 3508 of Meyers-Melias-Brown).

b. That all agency employees must be allocated to a unit whether they wish to be represented or not.

This position has no foundation in the Act. It is not incumbent upon management to initiate that which is the employees' legal right and responsibility to do, or not to do. Additionally, a unit without representation is ready-made for organization as management has through its own actions stipulated that the unit is appropriate. Hence, this often troublesome issue has already been settled for the employee group.

c. That the narrowest unit is more practical as it diffuses the bargaining strength a larger unit could otherwise muster.

This approach still does not prevent several small groups from uniting into one large coalition for bargaining purposes; nor does it preclude several units from supporting -- actively -- the cause of another.

d. The creation of agency-wide units that include management personnel.

This practice, the opposite of "3" above, puts all but top management under the same representation umbrella. In not recognizing some basic and distinct communities of interest, the agency has placed its management, confidential and administrative personnel in the unenviable position of having to administer (or be privy to) in behalf of the agency what was negotiated in behalf of them as members of the bargaining units. This situation would seem to divide loyalties -- and management.

Half of the fourteen agencies lack stipulation or definitions concerning the scope of their "units". For all practical purposes, this results in an open-ended unit which amounts to no unit at all, except for whatever weight past practice may have. At least one agency which did define its units at the outset of representation, has not maintained them through the allocation of new and reclassified positions to the respective unit.

Discussion: Splintered representation units can have an impact in several areas.

The more units you have the greater the prospect for internal "whipsawing" upon agency-wide matters. Moreover, dealing with six employee groups is generally more time-consuming and expensive than dealing with three and the possibility of an impasse is increased doubly. So are the prospects of one or more of them being further splintered, merged or otherwise modified by action of a certified union or a new one seeking recognition rights. Assuming one of the paramount goals of most agencies to be labor relations stability, the attainment of that end will be considerably encumbered by the existence of fragmented units.

The absence of unit stipulation and/or maintenance can create problems even with a sound classification system and few, appropriate bargaining units. The problems are just multiplied by a "ballooned" classification plan and inappropriate units. The result: an excessive number of classifications falling by custom or inertia into relatively small open-ended units, which could easily have a new representative and structure within one year, with each unit vying for the same or a larger settlement than given to the others.